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TODAY:
Money
Forms and Formulas Page 15

Malaysia Plans to Send Foreign Workers Home

As Economic Crisis Deepens, Kuala Lumpur Says It Will Deport One Million Immigrants

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Malaysia said Friday that it expected to deport a million foreign workers this year, a move that could send a wave of unemployed expatriates back to Southeast Asian nations already suffering from the region's economic crisis.

Malaysia's deputy home minister, Tajul Rosli Ghazali, said workers would be sent home "in line with the government's policy of reducing foreign workers, ensuring that they are not depriving the locals of jobs." He did not give a specific timetable for the repatriation.

The official Bernama news agency reported that the foreign workers would be deported "following the move by certain sectors to reduce their work

force due to the economic slowdown." A repatriation of workers would be a double blow to many Asian countries: They would no longer receive the cash remittances that flow from their nationals working abroad, and the returnees would arrive home needing support and seeking jobs that have become scarce in the economic downturn.

Many of Malaysia's 2 million legal foreign workers hail from Indonesia, which is suffering not only from the region's financial crisis but also from low crop yields caused by drought and the thick haze from fires set to clear plantations that shrouded much of Southeast Asia for several months last year.

In addition to Indonesians, workers from Bangladesh, Thailand and India travel to Malaysia in search of jobs.

For Malaysia, one million workers represents about a tenth of the work force. The foreign labor is concentrated in the construction industry, the plantation sector and the hotel and restaurant business.

Analysts said, however, that the logistics of sending home a million workers would be difficult.

"It's easier said than done," said Abdul Razak Abdullah Baginda, executive director of the Malaysian Strategic Research Center. "How do you physically do it? You need the cooperation of the Indonesian government and other neighboring countries."

He added, "You can get rid of 100,000 foreign workers in a couple of days, but that doesn't assure that they won't be back the next day because of the porous nature of our borders."

Malaysia also has around 800,000 foreigners working illegally in the country. Kuala Lumpur repatriated 9,000 illegal workers to Indonesia last year.

Throughout Southeast Asia, the downturn has raised social tensions and the rhetoric related to foreign workers. In Thailand, which saw the arrival of hundreds of thousands of illegal workers from Burma, Cambodia and Laos during the boom years, an official recently called for a "drastic crackdown on illegal immigrants."

"They must be arrested and sent back

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Still at Large In Hong Kong: Thousands of Live Chickens

By Keith Richburg
Washington Post Service

HONG KONG — Despite government vows that "no chickens will be allowed to walk free in the territory," Hong Kong was awash Friday with sightings of live birds that may carry a deadly avian flu.

And panicky residents fear that stray dogs, cats and rats may become the next carriers of the virus after animals were seen eating the carcasses of destroyed poultry.

With thousands of chickens appearing alive on evening television news programs, and with new worries that dead chickens had not been properly disposed of, politicians, poultry workers and others stepped up their criticism of the government's handling of the crisis.

Some are demanding the resignation of top officials for what is rapidly becoming not just a public health, but a public relations, disaster.

The chief executive of Hong Kong, Tung Chee-hwa, conceded Friday that the government had made mistakes in its handling of the "bird flu" crisis and of a mass slaughter of chickens aimed at stemming the spread of the virus that has claimed 15 confirmed and six suspected victims. In the most recent case, a 3-year-old boy fell ill with the virus. Four victims have died.

"Improvement needs to be made, and we are going to make these improvements," said Mr. Tung, who had largely been keeping a low profile since the flu outbreak created widespread fears of a pandemic.

"We are looking at these things very urgently," Mr. Tung said after an emergency meeting of his advisers. "We hope these will be all sorted out sometime soon."

The government announced its mass

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The Dollar			
New York	Friday @ 4 P.M.	previous close	
DM	1.8035	1.7885	
£	1.6455	1.6556	
¥	132.295	130.13	
FF	6.0346	5.967	
The Dow			
Friday close	previous close		
+56.79	7955.04	7908.25	
S&P 500			
Friday @ 4 P.M.	previous close		
+4.2	875.04	870.84	

Yen and Mark Fall Against the Dollar

The dollar rose sharply against the yen and Deutsche mark in late trading Friday, amid expectations the Japanese and German economies would continue to sputter in the new year. Page 10.

Newstand Prices	
Atlanta	10.00 FF Lebanon
Arbitrage	12.50 FF Morocco
Cameroon	1.800 CFA Cote d'Ivoire
Egypt	1.500 FF Reunion
Gabon	1.000 FF Saudi Arabia
France	1.100 CFA Senegal
Italy	2.200 Lire Spain
Ivory Coast	1.250 CFA Tunisia
Jordan	1.250 JD U.A.E.
Kuwait	700 Fils U.S. M. (Eur.)



NO PLACE LIKE HOME — A group of Kurdish refugees looking out from a charitable shelter in San Foca, Italy. The country's open immigration policy is drawing the ire of its northern neighbors. Page 2.

When the Calendar Short-Circuits a Sale

'Year 2000' Computer Problem Proves an Early Pain for Consumers

By Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — The Market Day grocery store on Connecticut Avenue in the U.S. capital, purveyors of truffles, Kalamata olives, arugula and other trendy provisions, has gotten picky about which of its customers can pay with a credit card.

If your card has a couple of zeros in the wrong place, don't leave home without some greenbacks.

The numbers the store cares about, however, have nothing to do with a customer's credit limit. It's the year the card expires that matters. Newly issued Visa and MasterCard credit cards that have expiration dates in 2000 — embossed as "00" on the plastic — cannot be pro-

cessed by Market Day's cash registers.

The credit card problem has begun to plague businesses across the United States, and is providing a small but growing number of consumers with a rude — and early — introduction to the perils of the computer world's "year 2000" problem.

Many computer systems use a two-digit dating system that assumes 1 and 9 are the first two digits of the year. Without specialized reprogramming, those computers will think 2000 — or 00 — actually is 1900, a glitch that could cause many systems to go haywire.

At Market Day, for instance, if a card expiring in "00" is swiped through the register's magnetic stripe reader, "it tells us it's expired," said Chris Cullina, the store's owner.

The "year 2000" issue has long been viewed as a problem that will not strike with intensity until two years from now. And when it does, specialists had expected the biggest effect would be on large systems, such as those that process payroll checks or store government records.

But the credit card glitch, experts say, shows that the date problem will not solely be a nail-biting event for computer specialists trying to rewrite programs. Average people who do not use computers and owners of small businesses could be affected — and well before Jan. 1, 2000.

"This has created a lot of headaches for merchants," said Cathy Hotka, vice

See 2000, Page 4

The New Ruble Arrives

Skeptics Groan and Prices May Go Up Amid Switch's Confusion, but There's Still the Dollar

By Michael Specter
New York Times Service

MOSCOW — This is not the way Lena Usikova planned to usher in the new year. Clutching a fistful of dollars she had rescued from a hiding place in her three-room apartment, the bleary-eyed schoolteacher pawed the fresh snow as she waited for her grocery store to open for business.

"I don't know which rubles to use," she wailed. "The old ones are bad, but could the new ones possibly be any better? I'm using dollars. At least you can't go wrong with them."

Actually, you can. But given Russia's bitter history with new bills, shaky banks and anything having to do with money, who can blame her? At midnight, mostly for reasons of convenience and national self-esteem, Russia ended the old ruble and introduced a new one. People had three days to exchange their money. Panic whipped through the country, there was a rush on banks, and those who held onto their old money

bought 5,960 rubles, will not even buy six today.

This is the third time in less than a decade that the Russian government has tried to revise its battered currency. Past results have been grim. This cosmetic change, announced last August, is essentially psychological. There is nothing radical, surprising or scary about it. Old rubles will be accepted along with the new ones for a year, and as a way to keep everyone calm, the pictures on the new bills have hardly changed at all.

But when it comes to cash, Russian history has a nasty way of repeating itself. And there has never been a ruble reform that did not end up punishing the people who least deserve it.

In 1991, the waning Soviet government of President Mikhail Gorbachev decided to change all 50- and 100-ruble notes to reduce the money supply. People had three days to exchange their money. Panic whipped through the country, there was a rush on banks, and those who held onto their old money



An elderly Moscowite checking new price tags at a store on Friday after the ruble lost its zeros in a reform that has been greeted with suspicion.

saw it turn overnight into meaningless strips of colorful paper.

A similar reform in 1993, when President Boris Yeltsin withdrew all Soviet-era rubles, was almost as painful.

Banking officials say nothing so

drastic is possible this time. And they note that although a stampede was widely expected in 1995 when new 100-dollar bills, the single most important

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See KENYA, Page 4

AGENDA

Niger's Ex-Leader Arrested for Plot

NIAMEY, Niger (Reuters) — The former prime minister, Hama Amadou, was arrested Friday after the authorities linked him to an alleged plot to assassinate President Ibrahim Bare Mainassara.

Mr. Amadou's political party called the alleged plot a fabrication by an "authoritarian and unpopular leadership" bent on plunging the country into civil war. The capital, Niamey, remained calm.

In January 1996, Mr. Mainassara, then army chief of staff, toppled Mr. Hama's government.

THE AMERICAS

Love of a Sport Killed Kennedy

INTERNATIONAL

Netanyahu Postpones Budget Vote

Books

Crossword

Opinion

Sports

The Inmarket

EU Phone Market Open? German Users Cry Foul

Ex-Monopoly Imposes Big Fee for Switching

By John Schmid
International Herald Tribune

FRANKFURT — Europe's new era of open competition in telecommunications was in its second day Friday when Germany's powerful former state monopoly, Deutsche Telekom, popped a surprise on its customers and rivals: a steep new fee on subscribers who decide to take their business elsewhere.

Deutsche Telekom AG, which has angered callers for years with high prices, announced that it would charge customers 95 Deutsche marks (\$53) if they switched to another long-distance carrier.

The move prompted angry accusations of obstructing competition from Telekom's rivals.

Several companies rushed to file complaints with Germany's telecommunications regulator, saying the disconnection charge amounted to a fine on customers who switched to a competitor.

The case will be closely watched because Germany is Europe's largest and most hotly contested telecommunica-

tions market. It will test Bonn's newly created telecommunications regulator, which must strike a balance between the interests of consumers, new competitors and Telekom, which is still majority owned by the government.

The case also reflects the hurdles many challengers face in Europe's big-bang deregulation, especially in Germany, where new operators must cope with protracted negotiations for the right to connect to Telekom's network, and where some start-ups have suffered delays in inaugurating their services.

"Telekom wants to hinder competition with high fees," said a spokesman for O.Tel.O Communications GmbH, an upstart carrier based in Düsseldorf and owned by the German industrial groups VEB AG and RWE AG. "That is why we decided to call on the regulators."

Elmar Huelsmann, deputy chairman of Mannesmann Arco AG, another challenger that filed a complaint, said, "We assume it is a clear competition violation by the former monopoly." He

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See FRANCE, Page 4

Scientists Find
Gene Mutation
Resistant to
AIDS Virus

Football Game On Skis Caused Kennedy's Fatal Accident

By Michael Janofsky
New York Times Service

ASPEN, Colorado — His friends and relatives knew him as a fearless and expert skier. But when Michael Kennedy, the 39-year-old son of Robert F. Kennedy, died in a skiing accident here, he was pressing conventional limits by playing a game that Kennedy's have engaged in for generations, football-on-skis.

Friends and eyewitnesses said Thursday that when Mr. Kennedy crashed into a tree Wednesday on the mountain that overlooks the center of town, he was tossing around a small football with several relatives and lost control of one ski. The collision caused a major head injury and, after repeated efforts to stabilize him at the scene and later at a local hospital, he was pronounced dead about 90 minutes after the accident.

"He was close enough to a tree on left side that he couldn't avoid it," an eyewitness to the collision said, who spoke on condition of anonymity. "But it was not like he was skiing recklessly. Michael is the best skier, a tremendously gifted athlete who could ski downhill backwards and blindfolded."

The witness said Mr. Kennedy was not going especially fast at the time. But a family friend who is an expert skier said he had once been invited to play the football game, but after watching, he said, he was scared off.

"It is very, very dangerous," said the friend, who declined to be identified. "They divide the mountain into fields with the next goal being a tree or a sign. Whoever gets to the ball gets a point and gets to throw the ball again. They don't play with poles; they give them to somebody else."

"They hang at the top of the mountain till everybody is off the hill, so they don't endanger anybody else," the friend continued. "It is Kennedyesque. There is a lot of laughing, vigor, excitement and a big rush."

Friends of the family who were skiing with Mr. Kennedy on Aspen Mountain's Copper Bowl, an intermediate run, said that at the time of the collision, Mr. Kennedy was part of a group of several dozen people playing the game. The group included Mr. Kennedy's brother, Max; their sister, Rory, and Mr. Kennedy's three children.

Reflecting the fondness for touch football Kennedy's have had ever since John F. Kennedy was president, ski-football was a game the family of Robert F. Kennedy had played for three decades of holiday vacations here and elsewhere, close friends of the family said.

But never before had the games produced any tragic results. As the slopes were clearing of skiers on their final runs Wednesday, members of the Kennedy group passed around the small football.

At some point on the Kennedy's final run Wednesday, a close family friend said, "Michael apparently became distracted by the ball and went into a tree head first."

The eyewitness said that Mr. Kennedy had "lost an edge," which, in the parlance of skiing, means one ski slipped from his control, possibly on a patch of ice, throwing him off-balance.

By Thursday morning, Mr. Kennedy's relatives who were here with him, including his mother, left for the family compound in Hyannisport, Massachusetts, where a wake is scheduled for Friday and a funeral for Saturday.

The Colorado Department of Health said that in a typical ski season, 10 to 12 people die here as a result of ski injuries.



The Copper Bowl run in Aspen, where Mr. Kennedy, an expert skier, died after he crashed into a tree.

A 'Continuum' of Kennedy Suffering

By Dan Balz
Washington Post Service

WASHINGTON — There was a terrible familiarity about the death of Michael Kennedy on a ski slope in Aspen, Colorado, on New Year's Eve, a tragic ending to a difficult year for a family now defined almost as much by suffering and scandal as by its great accomplishments.

Michael Kennedy's death on a mountain at age 39 is but the latest in what has been a decades-long roster of pain and anguish for the Kennedys.

Throughout, they have carried on a commitment to public service.

"They've had more power, more money, more tragedy, more adversity," the historian Michael Beschloss said Thursday. "Almost on a Shakespearean level."

Last year saw the family reputation tarnished by revelations that Michael Kennedy had carried on an affair with a former family baby sitter, allegedly beginning when she was 14. The uproar in Massachusetts forced his brother, Representative Joseph Kennedy 2d, Democrat of Massachusetts, to abandon his plans to run for governor in 1998.

Then came the publication of Seymour Hersh's "The Dark Side of Can-

elot," a portrait of the sexual and other peccadilloes of President John Kennedy.

The reactions to Michael Kennedy's death Wednesday were almost universal in pointing out how much suffering the Kennedys have endured.

"I don't know anyone who can match the sort of continuum of sadness this family has had," said the mayor of Boston, Thomas Menino. "And maybe that's the price you pay for great glories."

The legacy of tragedy dates from World War II, when Joseph Kennedy Jr., the eldest son of Joseph and Rose Kennedy and the young man tapped by his father to begin to build a political dynasty, was shot down over the English Channel and died at 29.

Later came the assassination of President Kennedy in 1963 in Dallas. Five years after that, the former president's brother Robert was shot and killed in Los Angeles moments after accepting victory in the California presidential primary. The next year, their brother the senator, Edward Kennedy, drove his car off a bridge on Chappaquiddick Island in Massachusetts. He survived, but his aide Mary Jo Kopechne was killed.

The 1980s and 1990s brought new problems to a new generation of Kennedys. Robert Kennedy's son David

died of a drug overdose in 1984. William Kennedy Smith was charged with rape at the family home in Palm Beach, Florida, but was acquitted by a jury in 1991.

Michael Kennedy's life seemed a metaphor for the family, combining service and scandal. He was the middle of 11 children and was only 10 years old when his father was assassinated in 1968. He worked with his brother Joseph at a nonprofit energy company in Massachusetts and helped establish Stop Handgun Violence. He also wrestled with alcoholism.

"He was smart, focused and had a real energy and intensity to him," said Charlie Baker, a Democratic political consultant who was a friend of Michael's. "He had a real commitment, a real love and respect for public service."

Three Kennedys still serve in Congress and another, Kathleen Kennedy Townsend, is the lieutenant governor of Maryland.

But Mr. Beschloss said that for a new generation of Americans that barely remembers John or Robert Kennedy, the personal problems of the younger Kennedys have done as much to define the family's image as their public contributions.

"The currency is devalued from what it was in the 1960s," he said.

POLITICAL NOTES

Leading Conservatives Clash Over Judicial Appointments

WASHINGTON — Responding to an unusually pointed complaint by Chief Justice William Rehnquist about the Senate's slow pace in confirming federal judges, the chairman of the Senate Judiciary Committee has deflected the Senate's performance and said the courts themselves were partly to blame for their heavy caseloads.

Senator Orrin Hatch, Republican of Utah, said that while he respected the chief justice's opinion, he disagreed with Mr. Rehnquist's assertion that the courts were overburdened because of a large number of judicial vacancies.

Mr. Hatch's comments put two of the nation's leading conservative voices on opposite sides of a vigorous debate over the Senate's handling of judicial appointments. On one side are Mr. Hatch and his fellow congressional Republicans, who have delayed consideration of many of President Bill Clinton's nominees, asserting that the White House is trying to pack the courts with "activists," or judges who would interpret laws more broadly than Congress intended. The White House has contended that its nominees are highly qualified and within the mainstream of legal thought and should have their qualifications debated openly.

While Justice Rehnquist had some criticism for the

administration — saying that the president had sometimes been too slow in making the nominations — he said in a report issued Wednesday that the Senate bore greater blame for failing to act in a timely fashion on the nominations it did have. (NYT)

Clintons in the Caribbean

ST. THOMAS, Virgin Islands — President Clinton moved his winter vacation further south Thursday and established his family and new dog, Buddy, in a beach house in the Caribbean.

After putting in his 14th annual appearance at the Renaissance Weekend of seminars and talk at Hilton Head, South Carolina, Mr. Clinton and his family flew to the Virgin Islands, where they planned to spend four days. The president brought along some work — a "fat little notebook" of ideas to sift through as he works on the State of the Union Address he will deliver Jan. 27. (AP)

Quote/Unquote

Lee Brown, 60, who is becoming the first black mayor of Houston, where the economy is strong and crime is down: "The challenge I have is to pull everybody together and keep the ball rolling and expand on it." (AP)

Health Care Planner Gets a New Drubbing

Ruling Comes Back to Haunt Ira Magaziner

By James Bennet
New York Times Service

WASHINGTON — For more than two years, Ira Magaziner had managed to keep his head down.

Once a favorite target of Republicans, a symbol of White House over-reaching and arrogance for his role in drafting an ultimately failed national health care plan, Mr. Magaziner, as gaunt, rumpled and intense as ever, had been laboring in studied obscurity, devising the Clinton administration's approach to regulating the Internet.

The health care plan he once proposed would have remade one-seventh of the nation's economy. But in his second, quieter life in the White House, he championed industry self-regulation, urging President Bill Clinton to let the Internet alone.

Then, two weeks ago, Mr. Magaziner's telephone rang at his home in Washington and plunged him back into the health care morass. How, a reporter wanted to know, did he respond to a federal judge's ruling that less than two months into the administration's first term, he submitted a dishonest affidavit about the health care planning?

Mr. Magaziner had thought that a U.S. attorney's inquiry into the matter had exonerated him two years ago.

"He was right on the verge of emerging as someone who was a serious player on a serious issue," a sympathetic White House official said of Mr. Magaziner's work on Internet policy, "and this thing was a blind-side tackle."

Mr. Magaziner, 50, quiet and austere, stands out among the backslapping politicians at the White House. He rarely attends meetings of the senior staff these days, and when he does he almost never speaks.

Now senior adviser to the president for policy development, Mr. Magaziner says that he offered to resign after the health care plan failed in 1994 but that Mr. Clinton asked him to stay.

The case that produced that ruling is evocative of the heady early days of the administration, when Mr. Clinton dreamed of creating more sweeping government programs than he has sought since. Along with the first lady, Mr. Magaziner was at the center, feverishly assembling a team of hundreds to expand federal regulation of health care.

Mr. Magaziner and Mrs. Clinton tried to conduct their team's deliberations in secret, maintaining that confidentiality was the only way to keep the plan from being picked apart by interest groups before it was even completed. But that effort contributed to an appearance of high-handedness. One group sued the government, arguing that because not all participants were government employees, federal law required that meetings of the health care planners be open to the public.

It was in response to that suit that Mr. Magaziner, on March 3, 1993, submitted his 15-page affidavit, a dense description of the administration's planning stuffed with references to bodies like "the infrastructure/integrated health plans cluster." The affidavit described the role of outside consultants in that planning but, in what proved a fateful sentence, said, "Only federal government employees serve as members of the interdepartmental working group."

In December 1994, after discovery proceedings had produced numerous White House documents detailing the health care planning process, the judge, Royce Lamberth, called Mr. Magaziner's statement "misleading, at best." Judge Lamberth asked federal prosecutors to investigate whether Mr. Magaziner had committed perjury or criminal contempt of court.

The resulting inquiry, led by Eric Holder Jr., then a U.S. attorney, found "no significant evidence" that Mr. Magaziner's declaration "was factually false, much less that it was willfully and intentionally so."

Mr. Magaziner and other White House officials say they assumed that his legal troubles were over. But on Dec. 18, Judge Lamberth weighed in again, to determine penalties and attorneys' fees sought by the plaintiffs.

Where Mr. Holder had seen fuzzy language and sloppy paperwork, Judge Lamberth saw a deliberate effort by high-level administration officials to deceive the court.

Mr. Magaziner seems to regard the case as Lamberth v. Magaziner.

"I've been controversial in my life for my political views, that's fine, that's you know, democracy," he said, speaking in staccato bursts. "But nobody, even opponents in the things I did before, ever questioned my integrity."

Away From Politics

• Florida has the right to any money an author, Soudra London, made from a convicted killer's art and autographs, as well as from a book she wrote with Danny Rolling about five murders he committed in 1990, a judge in Gainesville, Florida, ruled. (AP)

• Thanks in part to a deadly poison from the skin of a South American frog, researchers at Abbott Laboratories have developed a powerful new painkiller that may have the benefits of morphine without the drug's damaging side effects. (AP)

• A Los Angeles police officer assigned to stop people from firing guns in the air on New Year's Eve died Thursday, a day after being shot while struggling with a gun-toting reveler. The suspect was shot and killed moments later by two other officers. (AP)

• An alligator wrestler in Miccosukee, Florida, was taken to a hospital with bite marks on each side of his head after his latest trick with one of the 200-pound (90-kilogram) beasts went wrong. Kenny Cypress put his head in the creature's mouth at the end of his routine, and the animal chomped down on his head. Friends wedged metal pipes in the alligator's mouth to free him. (Reuters, AP)

Offshore Companies, Trusts Tax Planning

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BOOKS

PURSUIT OF A WOMAN ON THE HINGE OF HISTORY

By Hans Koning. 206 pages.
Paperback, \$15.95. Lumen
Editions/Brookline Books.

Reviewed by Christopher
Lehmann-Haupt

A DRIFT in a small Spanish town, AWOL from his job in New York, beset by a great feeling of unease, John Lucas catches sight of a young woman in a restaurant in the opening pages of Hans Koning's surreal new novel, "Pursuit of a Woman on the Hinge of History," his 12th (including those he wrote before 1972, under the name Hans Koningsberger) but his first in eight years.

"This woman, sitting with a youngish middle-aged man," "leant peace, even sense, to things," Lucas tells us. "I felt my unease dissolve, I felt a great relief, I no longer think of death." Shelby wrote to Emilia Viviani.

"I am not rambling," Lucas continues. "If the one just man may restore our hope for the world, then how much more may one woman do so, a woman beautiful not by the standards of men, even of poets, but by those of rivers, rain, nature? I am not to be assured, thinking of righteousness as male and beauty as female. To me, true justice is precisely female, not male. And there is a kind of female beauty which is its own and all else's justification, unquestionably because naturally."

Not surprisingly, Lucas decides to pursue the woman. This

is typical of Koning's heroes, who are often at odds with their industrial-capitalist milieu and what they see as its tendency toward oppression and warfare, and who are given to romantic-revolutionary gestures leading them to violence and defeat. (See "A Walk With Love and Death," "The Revolutionary," "Death of a Schoolboy," "The Kleber Flight" and "America Made Me.")

Not surprisingly, too, the symbolic burden borne by the woman in the restaurant grows weightier and weightier as the novel progresses. Lucas believes that at the beginning of "our history," a battle was fought between the earth and the sky and the earth lost, "and that set us on our deadly course." Before that battle, history was feminine and benign.

"In the fantasies of Lucas," the woman "was an emissary from the past, from the golden age when women reigned," an alternate, more objective narrator than Lucas interjects. "Her very face confirmed for him that in that era the logic of history was feminine, and therefore benevolent. Then came the Battle of Titans when the male idea won and aggression became the norm. Lucas is hard to take, maybe, and it is easy to dismiss all this."

It is easy to dismiss all this, yes, but Lucas is not all that hard to take. The novel's symbolism may be heavy, but its narrative is somewhat lighter. A combination of Don Quixote, Peter Schlemihl, Felix Krull and Joseph K., Lucas finds at windmills, falls on his face, cons people out of money and keeps getting arrested.

In need of a respectable outfit, he buys himself a cheap green suit that gets him mistaken for an Albanian at a Frankfurt press club where he goes to enjoy a free meal. When he doesn't bother to wear earphones that provide an English translation during a French press conference that he sleeps through, Lucas is misidentified as French-speaking and hired to do a translation job for a bank.

Further misadventures lead him to assume the surname of Iberia (he takes it from a travel poster), which gets him recruited into a gang of Basque terrorists apparently financed by the woman he is pursuing. In "an act of public theater" that would "close the Basque border for an hour," Lucas helps dynamite a tree, which falls on a passing policeman and kills him.

Is "Pursuit of a Woman" meant to be as droll as it is? Probably not; the authorial point of view seems little distanced from that of the narrator. The elbow-jabbing political commentary feels too sincere. Yet Lucas's pathetic adventures are told with enough objectivity to allow laughter. You can take or leave the novel's ideology. The figure of Lucas remains appealing. He saves Koning's otherwise tendentious story.

New York Times Service

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ST. JOSEPH'S CHURCH (Roman Catholic), Mass in ENGLISH: SS 8:30 p.m. Tel: 8:45 a.m., 11 a.m., 12:15 p.m., 5:20 p.m. 53, avenue Houle, Paris 16. Tel: 01 47 27 29 35. Metro: Charles de Gaulle - Etoile.

TOKYO

TOKYO UNION CHURCH, near Ohtaerodo Subway Sta. Tel: 3400-0047. Worship Services: Sunday - 8:00 a.m. 10:00 a.m. 5:30 a.m.

ZURICH-SWITZERLAND

ENGLISH-SPEAKING CATHOLIC MISSION: St. Anton Church, Minervestraße 63, Sunday Mass: 8:30 a.m. & 11:30 a.m. Services held in the crypt of St. Anton Church.

UNITARIAN UNIVERSALIST

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THE NETHERLANDS UNITARIAN FELLOWSHIP invites you to its services which are held on the first Sunday of each month beginning at 10:00 at the NPS Church, Lange Kerkhof 46, Wassenaar. All are welcome! Non-dogmatic religious education for the children. Nursery provided. Tel: 020-465 6513.

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PARIS and SUBURBS

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FLORENCE

ST. JAMES CHURCH, Sun. 9 a.m. File 1 & 11 a.m. File 2. Via Bernardo Russell 9, 50123, Florence, Italy. Tel: 3925 29 44 17.

FRANKFURT

CHURCH OF CHRIST THE KING (Episcopal/Anglican) Sun. Holy Communion 9 & 11 a.m. Sunday School 10:45 a.m. Pastor: Rev. Dr. J. M. Schaefer, Ritz St. 22, 60323 Frankfurt, Germany, U.I. 2. 3 Miquet-Allee. Tel: 4959 64 81 85.

GENEVA

EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist 2nd & 4th Sun. Morning prayer 1 p.m. Spanish Eucharist, Via Nagel 58, 00184 Roma. Tel: 39-6 488 3339 or 39-6 474 3593.

MUNICH

THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Sayre, 5 rue de Metz, 67071 Strasbourg, France. Tel: 33-3 88 64 81 85.

ROME

ST. PAUL'S WITHIN-THE-WALLS, Sun. 8:30 a.m. Holy Eucharist 9:30 a.m. Choral Eucharist 11:15 a.m. 10:30 a.m. Church School for children & Nursery care provided. 1 p.m. Spanish Eucharist, Via Nagel 58, 00184 Roma. Tel: 39-6 488 3339 or 39-6 474 3593.

BRUSSELS/WATERLOO

ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays: 11:15 a.m. Holy Eucharist and Sunday School. 363 Chevreuse de Louvain, Oghem, Belgium. Tel: 322 394-3656.

WIESEBADEN

THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eucharist, Frankfurt Strasse 3, Wiesbaden, Germany. Tel: 4911 208574.

EUROPEAN BAPTIST CONVENTION

BERLIN

L.B.C., BERLIN. Rotherbaum Str. 13, (Steglitz), Sunday, Bible study 10:45, worship service 12:00 noon, Charles Warford, pastor. Tel: 030-774-4670.

BRUXELLES

L.B.C., Hohenheide, Hermann-Bosse-Str. Worship Sun. 17:00. Pastor telephone: 0621-78 643.

BULGARIA

L.B.C., Strada Popea Rusu, Tel. 312.350. Contact Pastor Maria Kumpu, Tel. 312.350.

BUDAPEST

L.B.C., meets at Morics Zalmmond Gymnasium, Tervorenweg 48-54, Sun. 10:00. Tel: 250-3932.

GEOURGIA

L.B.C., World Trade Center, 36, Drahov Tzankov Blvd. Worship 11:00. James Duke, Pastor. Tel: 971-2192.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOWSHIP, 11-13, 63151 Bad Homburg, Sunday Worship, Nursery & SS: 11:20 a.m. Mid-week ministries, Pastor M. Levey, CallFax 06173-82728.

BETHEL, L.B.C. Am Dachsberg 96 (English), Sunday, Sun. 11:00 a.m. & 8:00 a.m. Tel: 069-549599.

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PRAGUE

L.B. FELLOWSHIP, Vinohradska # 68, Prague 3. Sun. 11:00. Tel: 021 311 7974.

WATERLOO

WATERLOO BAPTIST FELLOWSHIP Sun. 10:00 at Swedish Church, across from MacDonalds, Tel: (02) 393 1885.

ZURICH - SWITZERLAND

L.B.C. of Zurich, Gletschstrasse 31, 8003 Rüschlikon. Worship Services Sunday mornings 10:30. Tel: 1-4810018.

ASSOC. OF INT'L CHURCHES

BERLIN

AMERICAN CHURCH IN BERLIN, cor. of Clay Alley & Potsdamer Str., S.S. 830 a.m. Worship 11 a.m. Tel: 030-6133021.

GENEVA

EV. LUTHERAN CHURCH 20 rue Verthe, Sunday worship 9:30. In German 11:00 in English. Tel: (022) 310.50.88.

JERUSALEM

LUTHERAN CHURCH of the Redeemer, Old City, Mufletan Rd. English worship Sun. a.m. All are welcome. Tel: (02) 6281-049.

PARIS

AMERICAN CHURCH IN PARIS. Worship 11:30 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marceau or Invalides.

ZURICH

INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sundays 11:30 a.m., Schanzengasse 25. Tel: (01) 262525.

Netanyahu Delays Vote On Budget

Crisis Centers on Demand For More Social Spending

Compiled by Our Staff From Dispatches

JERUSALEM — With Israel's budget negotiations threatening to create new delays in the peace process, Prime Minister Benjamin Netanyahu tried Friday to come up with more money for the poor and unemployed and keep his shaky coalition from unraveling.

Mr. Netanyahu postponed a vote on Israel's 1998 budget until Monday after Foreign Minister David Levy, the government's leading supporter of peace negotiations, said he would resign unless social spending were increased.

"The prime minister genuinely wants to keep David in the government," Moshe Lyon, director of the prime minister's office, said on Israel Radio. "We think we can find a solution."

Mr. Netanyahu said he was working with Finance Minister Yaakov Neeman to resolve the crisis.

Mr. Levy's Geshet faction controls five of the Netanyahu coalition's 66 seats in the 120-seat Parliament, and his resignation would probably cause other moderates to desert as well. Even if the government did not fall, Mr. Levy's departure would make it significantly harder for Mr. Netanyahu to win support for the West Bank troop pullback he has promised the Palestinians and United States.

Mr. Netanyahu was considering asking the special U.S. envoy to the Middle East, Dennis Ross, to delay his visit to the region, officials in the prime minister's office said. Mr. Ross was due to arrive Monday, the same day as the budget vote.

Mr. Levy's threat to resign came after the government missed a New Year's Eve deadline for passing the 207 billion shekel (\$58 billion) budget.

Mr. Levy has been the weakest link in Mr. Netanyahu's coalition since their uneasy alliance began, repeatedly threatening to quit over differences with the prime minister on the peace process and economic policies.

A Moroccan-born politician and a former bricklayer, Mr. Levy rose through trade-union politics and is a hero to many of his fellow Sephardim, or Jews of Middle Eastern descent. He also has been ridiculed for his frequently overblown rhetoric and tendency to cry wolf.

To many, Mr. Levy personifies the paradoxical connection felt by many Sephardim — who make up about half Israel's population but form a disproportionately large percentage of the country's poor — to the Likud, which is led by Jews of European descent.

Members of Mr. Levy's Geshet faction insisted Friday that they would not negotiate a compromise deal with the government.

"We will not be satisfied with a situation where the prime minister is fooling the Knesset and fooling the nation," said David Magen, a legislator. "If the budget is not a socially-minded budget and there are not broad changes in it, we will work toward early elections for the prime minister."

Mr. Levy was particularly angered by the flurry of last-minute promises of extra funding Mr. Netanyahu made to West Bank settlers, ultra-Orthodox Jews and other special interest groups in order to win enough votes to pass the budget.

The opposition estimates that Mr. Netanyahu's pledges totaled 2 billion shekels. The Yediot Ahronot newspaper said those pledges had raised government spending by more than 350 million shekels.

(AP, Reuters)



A car burning New Year's Day in the Robertsau district in Strasbourg, which was especially hard hit by violence.

Europe Has Updated Equipment to Deal With Millennium Problem

By Tom Buerkle
International Herald Tribune

LONDON — From the boutiques of Bond Street and the Latin Quarter to resort hotels in the Alps or the Costa del Sol, consumers can spend their way across Europe with little risk of having their credit cards rejected because of the millennium computer problem.

Many European banks have begun issuing credit cards with expiration dates in 2000 after overhauling "point of sale" terminals in stores, restaurants and hotels to accept the cards.

Barclays Bank, Britain's biggest issuer of credit cards, has issued thousands of year-2000 cards after modifying or replacing all of the terminals it had installed at retailers, said Jane Vidler, a spokeswoman.

While Barclaycard holders could encounter problems at stores using terminals installed by other banks, Barclays so far has had very few complaints, she said.

In France, the banking association that manages the country's credit card network estimates that all but 10,000 of the nation's 600,000 terminals have been

upgraded to accept cards expiring in 2000, said Jean-Pierre Camelot, a director of the association.

Visa International, the world's largest credit card company, authorized its member banks to issue cards expiring in the year 2000 last October even though it acknowledges that a fraction of sales terminals, perhaps fewer than 1 percent, would not accept a year-2000 card.

Ian Gatherer, a spokesman for Visa, said stores could circumvent the computer problem by processing transactions manually or by telephoning Visa to authorize a purchase.

2000: Consumers Get an Early, and Rude, Taste of the Computer World's Glitch

Continued from Page 1

president for information technology at the National Retail Federation, a trade association based in Washington. "Not everyone has been able to fix their systems, and that means problems for consumers."

Credit card companies contend that only a small percentage of stores cannot handle the new cards.

Visa International and MasterCard International in October started allowing their member banks, which actually issue the credit cards, to discontinue cards that expire in 2000 and beyond. Both companies said they had spent five years and millions of dollars to ensure that merchants could handle the new cards.

Visa estimates that 99 percent of the 14 million locations worldwide that accept its card can handle 2000 expiration dates, said Scott Harrison, who is han-

dling date conversion issues for the company, based in Foster City, California.

"We've done everything you can imagine," Mr. Harrison said. "We've mobilized the forces of our members' bankers, we've produced hundreds of thousands of test cards; we've required member banks to report on the compliance status of merchants."

Mr. Harrison said Visa has from 300,000 to 400,000 cards in circulation with 2000 expiration dates that are generating almost 3 million transactions a month.

But not every credit card company thinks merchants are fully ready. American Express Co. still is limiting cards to 1999 expiration dates and does not plan to release 2000 cards until later this year.

Although stores are trying to quickly fix their systems, retailers contend that the problem is becoming worse because

banks are issuing hundreds of thousands of the new cards each month. For merchants who cannot accept the cards, the problem typically is not with the gray, cigar box-sized terminals that are connected to cash registers. Rather, specialists say, it is found in the computer-like registers that have their own magnetic stripe readers. The register's software, which is supposed to send the card number and expiration date to a bank over a telephone line, will not process the transaction because it thinks the card has expired.

At some stores, employees have come up with ways to trick the register into handling the sale. Godiva Chocolatier Inc., whose 150 North American stores cannot handle the 2000 cards, instructs its salespeople to enter card numbers manually and then key in "12/99" for the expiration date, said Peter Clarke, the director of global retail merchan-

dising for the New York-based chain. Godiva, like many merchants, is retraining its cashiers on systems so they can understand the new dates. For retailers, it can be a massive undertaking that can cost millions of dollars and require hundreds of thousands of hours of programming work.

"It's a crisis similar to when gasoline went from 99 cents to a dollar a gallon," Mr. Clarke said. "At the time, most gas stations didn't have pumps that handled more than two digits."

The conversion issue already has led to one lawsuit. Produce Palace International of Warren, Michigan, filed suit in August against the cash-register maker TEC America Inc. and a local vendor, All American Cash Register Inc., contending that the inability of TEC America's machines to handle cards with expiration dates of 2000 was hurting business.

COMPETE: Rivals Complain Deutsche Telekom Is 'Fining' Customers for Switching

Continued from Page 1

said Telekom's own fees were "completely exaggerated" and out of line with international standards.

The disconnection charges took many by surprise. "New Telephoning — the Anger Already Begins," the mass-circulation Bild newspaper declared in a front-page headline Friday.

Such high fees are unheard of in the United States, where disconnection charges average 4 DM to 5 DM, the O.Tel.o spokesman said.

In the United States, rival companies absorb disconnection fees as part of the price of winning new customers. Initially, Telekom wanted its own competitors to pay the fees, leaving cus-

tomers out of the fray, but the incumbent carrier's rivals balked, a Telekom spokesman said.

Telekom's rivals say switching customers is a simple technical adjustment, so the fees are unjustified.

Another Telekom spokesman denied in a radio interview that the charges amounted to a penalty against customers who took their business elsewhere.

"This has nothing to do with a sanction," said the spokesman, Ulrich Lisek. "It is a matter of obtaining some compensation for the costs that they arise for us."

Telekom says it can impose the fees without approval from the new regulator. But the agency's chief, Klaus-Dieter Scheurle, said Friday that the level

of the fees falls under his jurisdiction. Mr. Scheurle said in a television interview that Telekom was entitled to cover its costs, but that he would not allow customers to be fined. "Competition must be customer-friendly," he said. "Everyone has to learn that."

Any decision by Mr. Scheurle will be scrutinized to see whether the new agency is prepared to act independently and not favor Telekom, analysts said.

Telekom's rivals still grumble about the regulatory agency's decision on interconnection charges, the fees competitors must pay to rent part of the former monopoly's network. In Germany, the charges — one of the most controversial aspects of the European Union deregulation — amount to 2.7 pfennig per

minute, higher than the EU benchmark interconnection rate of 1.8 pfennig. Drawing out the negotiations for most of last year, Telekom fought to charge 6 pfennig per minute.

The former monopoly began girding for the competition in late December when it announced that it would cut its rates in March in response to lower-priced challengers. The new rates also must be approved by regulators.

Germany's opposition Social Democratic Party joined the criticism of Telekom's fees. The party's telecommunications specialist, Hans-Martin Bury, said that the group "would be better employed in facing up to competition with attractive proposals rather than by staying on the defensive."

KENYA: Moi Is Poised to Win

Continued from Page 1

For their part, opposition leaders had hoped a runoff might force their supporters to do what they have been unable to do in the last five years: unite behind one challenger. But the returns suggested that the opposition had once again voted along tribal lines, leaving Mr. Moi's coalition the largest slice of votes. Though Mr. Kibaki was the runner-up nationally, the vast majority of his support came from the Central Province and Nairobi, where his Kikuyu tribe is the majority.

Similarly, the three other top candidates — Mr. Odinga, Michael Kijana Wamalwa and Charity Ngilu — all ran well in their tribal homelands, but made few inroads in other parts of the country. The three had a combined total of about 1.5 million votes Friday morning, more than enough to defeat Mr. Moi had they thrown their support to Mr. Kibaki.

Their failure to find common ground means Mr. Moi is poised to win a fifth and final five-year term.

The Electoral Commission, accused by all sides of bungling the election, has acknowledged that there were logistical errors and mix-ups during the polling, which was extended an extra day to rectify mistakes. But the chairman of the commission, Samuel Kivuiti, denied that the problems were deliberately intended to favor one candidate over another. Nor have the irregularities affected the final returns, he said.

Mr. Odinga and Mr. Kibaki asserted that agents for the governing party had infiltrated the electoral commission and purposely kept presidential ballots from being delivered to opposition strongholds. They also maintain that election officers switched vote totals in districts where Mr. Kibaki had won and doctored results in Mr. Moi's Rift Valley strongholds to pad his margin of victory.

But Western diplomats who observed the elections said most of the problems appeared to be the result of incompetence and inefficiency rather than a concerted government effort to protect Mr. Moi.

FLU: Thousands of Chickens Still at Large

Continued from Page 1

poultry slaughter Sunday — 24 hours after saying such a dramatic step was unnecessary — and then pledged the job would be completed within a day. Five days after the extermination began, the government reported that it had killed about 1.3 million chickens and other suspect poultry, including geese, ducks and quail, but it also conceded that thousands of chickens remained alive. It said that Hong Kong was home to more chicken farms than previously known, allowing thousands of chickens to escape the slaughter.

In addition, some chickens were known to have poked their way out of the sealed plastic garbage bags that were to have been their tombs. The bags had

been pumped with carbon dioxide to kill the birds, but in depots where the bags were piled high, chickens could be seen moving around inside.

Panicked Hong Kong residents reported seeing chickens strolling around the grounds of public housing projects. They also reported seeing chicken carcasses strewn around the grounds, often near where children play.

The government's agriculture and fisheries department, which is heading the slaughter campaign, said in a statement Friday it was "continuing with mopping up operations to check whether some live chickens had been missed out and whether there were carcasses uncollected." The department set up a special chicken hotline for Hong Kongers to report any live chicken sightings in the territory.

Residents also reported that stray dogs, cats and rats were seen eating through the plastic garbage bags containing chicken carcasses, raising fears that animals might become new roving carriers of the disease. Health officials at Hong Kong University immediately began testing dogs, cats and rats to see if they had any traces of the "bird flu," officially known as H5N1, and some officials left open the possibility that the unprecedented slaughter could be extended to other animals if they were found capable of transmitting the virus.

The presence of huge piles of garbage bags in residential areas raised criticisms that the government had not made adequate plans to dispose of the chicken carcasses quickly after they had been killed.

"Things could have been done better perhaps," conceded Margaret Chan, the director of health.

Lessie Wei, the director of agriculture and fisheries, who made the vow that "no chickens will be allowed to walk free," has become the subject of much of the criticism, since her department took the lead role in the slaughter.

"I'm not making any excuses," she said Friday, "but during the operation, more farms emerged." She said her department was investigating how chicken farms could have been operating here without the government's knowledge.



Health workers in Hong Kong gathering dead chickens for burial Friday.

New Year, New Problems for Mir's Crew

The Associated Press

MOSCOW — The Mir's main computer broke down Friday, temporarily reducing the space station's power supply, news reports said.

A computer breakdown, something that occurred seven times in 1997, does not threaten the lives of the two Russians and the American on the space station.

But the problem can make life uncomfortable on the Mir.

The failure of the main computer brought down the gyroscopic system that orients the Mir's solar panels toward the sun, the Itar-Tass news agency said, citing officials at Mission Control outside Moscow.

Mir was not receiving its normal

power supply, and the crew responded by shutting off all nonessential systems outside the Mir's core module, Russia's NTV reported.

The space station has six separate modules, though one was punctured in a space collision last June and has been sealed off.

The crew had found the problem by Friday night and was working to replace one of the main computer blocks, Itar-Tass said.

Aboard the Mir are Anatoli Solovoy, the commander, Pavel Vinogradov, the flight engineer, and the U.S. astronaut, David Wolf.

The Mir, the longest-lived space station in history, will mark its 12th year in space next month.

FRANCE: Danger of Social Explosion?

Continued from Page 1

ginalization by race," said Antoine Garapon, a judge detailed to head a research organization on judicial issues called the Institute for Advanced Studies of Justice.

"Young people from these communities," he said, "are in the despair of the suburbs, and they know they have no chance of getting out."

Just before Christmas, 16-year-old Abdelkader Bouziane was shot and killed by the police in a Paris suburb as he and a friend were fleeing in a small car. The next day, 24-year-old Fabrice Fernandez was killed by a local policeman during an interrogation at police headquarters in the southeastern city of Lyon. After each killing, young people stormed the streets and, in the case of the Paris suburb, burned the new local library.

Restiveness is on display in other corners of French society as well, particularly among the unemployed. For three weeks, several hundred jobless persons and their allies have been occupying local unemployment bureaus around France, particularly in the Marseille area, to demand an end-of-year bonus of about \$500 in their benefits.

They are supported by some, but not all, of France's unions.

They are also supported by France's Communist Party, which is operating in an informal governing alliance with the Socialist prime minister, Lionel Jospin. Robert Hue, the Communist leader, called the demand by the unemployed for a year-end bonus "legitimate," and said the government "should respond positively without delay."

The unemployment fund actually is managed jointly by the unions and the French association of businesses, so the decision is not up to the government. But if Mr. Jospin is not successful in easing unemployment and poverty, it will work against him politically.

Unemployment "is the blind spot of governmental action," Laurent Joffrin wrote in the newspaper Liberation this past week.

The Jospin team has negotiated without mishap all obstacles but one: the extreme exclusion that continues to gnaw at French society.

A national day of strikes and demonstrations in favor of the unemployed occupiers has been called for next week. Polls show more than 60 percent of the French favor their cause.

Angry demonstrators are a long French tradition. President Jacques Chirac won office in 1995 in part by promising to heal the "social fracture," as he referred to the alienation of many French citizens from their government and their country. But less than a year after he gained office, the country was rent by transport strikes that brought Paris to a halt. By spring 1997, the center-right president had been weakened by the election of a Socialist government.

Now it is Mr. Jospin's turn to deal with these outbursts of violence and protest. He has said little about the car-burnings and the unemployment-bonus demands, although officials at his Labor Ministry point out he has raised aid for the longest-term unemployed and plans to propose reforms for France's vast welfare system this spring.

In addition, his government has proposed new measures on youth crime and delinquency.

BRIEFLY

Hun Sen's Forces Advance on Foes

PHNOM PENH — Cambodian government forces unleashed a heavy attack Friday on opposition-held territory around the northwestern border town of O'Smach and claimed to have pushed up to the border with Thailand.

"The government is only 100 meters from Thailand," General Meas Sophea said. "We haven't yet reached the border, though, because of the large number of land mines."

A Thai military official said government troops were pressing into O'Smach from the east.

Government forces loyal to Hun Sen, a co-prime minister, have been trying to seize O'Smach since August, when opposition troops loyal to Prince Norodom Ranariddh, the ousted co-prime minister, retreated northwest across Cambodia to dig in at the abandoned town. (Reuters)

Mongolian Workers Get Weekend Off

ULAAN BAATAR, Mongolia — Mongolia's workers on Friday looked forward to their first regular weekend off since the Communist revolution of 1921.

The Asian nation, which tossed out the Communist Party in elections in 1996, adopted a five-day working week of 40 hours on Jan. 1. The working week was previously 46 hours, with six hours on Saturday.

The governing Democratic Union Coalition argued the change would bring Mongolia into line with international practice and improve industrial efficiency. (Reuters)

Prayer Order Riles Muslims in India

LUCKNOW, India — An order requiring schoolchildren in northern India to pray to paintings, sculptures and other embodiments of "Mother India" has angered Muslims, whose religion forbids the worship of images.

Ravindra Shukla, an education minister in Uttar Pradesh state, was quoted in The Indian Express on Friday as saying his recent order to pray to national symbols was meant to "inculcate patriotism."

But the order enraged Muslims, and a panel that represents them was considering a court challenge. "We don't need a certificate for our patriotism from any political party or person," the Express quoted Zafaryab Jilani of the All India Muslim Personal Law Board as saying. (AP)

Philippines Rebels Free Police Officer

ROXAS, Philippines — Communist rebels freed a policeman Friday after 55 days of captivity, clearing away the final obstacle to the resumption of peace talks with the government next week.

The police officer, Mariliano Magtagad, was handed over to a representative of the International Committee of the Red Cross at a rebel camp on the outskirts of Roxas, a town on Mindoro Island, where he was seized Nov. 8. (AP)

A Small Step
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A Small Step for Moderates in Iran

Cleric in Provincial Isfahan Lifts Ban on Film Called Anti-Islamic

By Douglas Jehl
New York Times Service

ISFAHAN, Iran — Finally, the Quds Cinema in this provincial capital can boast "Snowman" in Isfahan — at the same time as in Tehran. But as so often in Iran, what lies behind the ban is a more complicated tale.

Because it depicts a man who dresses as a woman, as a ruse to obtain a visa to the United States, the Iranian-made film was until recently banned across the country as anti-Islamic. After a new president who espouses cultural openness was elected in May, however, that decision was reversed.

But while "Snowman" opened in the Iranian capital in November, initial attempts to extend the experiment to this city, known for its exquisite blue-tiled mosques and entrenched revolutionary sentiments, ran into a backlash.

On the day the film was to open, bearded radicals attacked the theater to make sure that could not happen. They shredded posters and attacked moviegoers, including women and children, witnesses said. And by all accounts, local security forces did nothing to stop them, even when the radicals and their allies returned to the street in front of the shut-down cinema to perform triumphal prayers.

Not until the city's leading cleric used a recent Friday sermon to exhort the security forces for failing to do their

jobs did the balance of power shift, opening the screen to what the new government sees as an important test of conservatives' willingness to accept small steps toward moderation.

"If the police and intelligence forces and the governor general's office are unable to deal with them," Ayatollah Sayed Jaleddin Taheri, 70, had said of the radicals, "let them tell me, and I will put them in their place."

In the two decades since the Islamic revolution, attacks on cinemas, newspapers and bookstores accused of promoting cultural laxness have rarely been challenged by the Iranian authorities.

What is unusual about what happened in Isfahan, where "Snowman" opened at last on Dec. 14, is that a leading member of the country's ruling clerical establishment joined the new government in advocating the rule of law, even if it means turning against those who claim to be acting to protect Islamic morals.

"He's either mad or brave, one or the other," Hossain Payghambari, a carpet merchant, said of Ayatollah Taheri and his decision to confront the radicals, who call themselves the Hezbollah, or followers of the Party of God. "The important thing is that the film is showing, and that's a big step."

Even though they hold power in Iran, leaders among the country's religious establishment have often condoned and even encouraged the radicals' extra-legal attacks, in much the same spirit with

which they urged Iranians to rise up against Shah Mohammed Reza Pahlavi, whose government was seen as having been hopelessly corrupted by the West.

But the new president, Mohammed Khatami, a relatively moderate cleric, has urged Iranians to overcome that spirit of "rising against the law."

"Snowman," a black comedy, was financed by the Islamic Propagation Organization, which is closely affiliated with the state, and it is now showing in 22 cities around Iran. Its ending is politically correct: The man, who had relocated to Turkey in pursuit of a visa, falls in love with an Iranian woman and they return to their homeland. But it has continued to attract vocal opposition from conservative quarters.

Conservatism runs deep in Isfahan, an early hotbed of the Islamic revolution, and so the political atmosphere has been charged since Mr. Khatami swept to victory in the presidential election in May.



WORSHIP IN ISTANBUL — Hundreds praying at Eyup Sultan Mosque on the first Friday of Ramadan.

Top Ayatollah Sees No Reconciliation With the U.S.

Compiled by Our Staff News Dispatches

TEHRAN — The supreme leader of Iran denied Friday that Tehran was making any moves toward reconciliation with Washington, days before the country's president, Mohammed Khatami, is due to address the American people in a television interview.

"Western media say some faction, individuals,

groups or even the government have a tendency toward a reconciliation with the West and America," Ayatollah Ali Khamenei said in a prayer sermon broadcast on Tehran radio. "Of course, all this propaganda contradicts existing realities. None of it is true."

Ayatollah Khamenei's tone contrasted sharply with

Mr. Khatami's conciliatory position and illustrated the power struggle between hard-line and moderate factions in the ruling hierarchy.

His remarks came days before Mr. Khatami, who is a Shiite Muslim cleric but a relatively moderate politician, was due to give an interview to CNN that was expected to be broadcast next week. (Reuters, AP)

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SCST: 22.73 SCSP: 10.28

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

South Korean Hurdles

Two events this past week may help South Korea climb out of its financial hole. Large private banks in the United States, Europe and Japan tentatively agreed to let South Korean banks and business firms postpone repayment of overseas loans. These banks might even agree to extend new loans. If the agreement holds, it will ease South Korea's repayment burden, eliminating an immediate threat of default.

Separately, the National Assembly agreed to stiffen oversight of the banking sector in line with conditions imposed by the IMF in exchange for a \$57 billion bailout. The vote reassures foreign investors that internal politics will not scuttle the IMF-led bailout.

These events do not guarantee South Korea that it can avoid default or escape serious recession. But, finally, its prospects are improving.

The decision by the large banks to roll over short-term loans was hardly altruistic. They knew that if they collectively demanded repayment, South Korea would run out of dollars and default, imposing huge losses on them and, in the bargain, freezing South Korea out of international capital markets. By giving it the time to recover, they can expect to retrieve most, if not all, of their original investment.

Three hurdles remain in South Korea's way. Small overseas banks may refuse to join in the deal. The small banks are threatening to grab their money while they hope, their larger peers are stuck propping up shaky Korean borrowers. If this happens, the agreement could unravel.

Western governments will need to pressure all banks to go along.

Meanwhile, the large overseas banks are pressuring the Seoul government to take responsibility for repaying the foreign loans to its private sector. This is a bad idea that would bury Seoul in debt that could take decades to repay. The large banks have enough incentive to roll over their loans without government guarantees.

Besides, Korean acquiescence would send a destructive signal to foreign investors that Seoul stands ready to bail them out of reckless loans.

The final hurdle is the IMF-imposed bailout. Its conditions clamp down hard on the economy and threaten to shove it into recession. The terms need to be eased. The bailout agreement was supposed to reassure foreign investors that their Korean loans would be secure. But who wants to invest in an economy that is headed for the tank? So far, individual investors continue to withdraw their money, the exchange rate continues to plummet, domestic banks refuse to make loans and unemployment has begun to take off.

The IMF says its program will only slow economic growth, from about 6 percent a year to under 3 percent. But IMF estimates have seriously erred in Argentina, Bulgaria and, most recently, Thailand. It promises to remain vigilant and renegotiate terms if the Korean economy needs resuscitation. That is a promise that the United States and South Korea's other trading partners ought to make sure it fulfills.

—THE NEW YORK TIMES.

Nigeria Needs a Change

The arrest of a dozen Nigerian military and civilian officials on coup-planning charges advances and deepens the instability in Africa's most powerful state. Nigeria is too large, too volatile and too important to be left to the military rule that Sani Abacha installed four years ago. The evidence is that his leadership is widely questioned at different levels of society. His promises of "transition" to civilian democracy in elections planned for next October is being widely seen as a cover for his retention of power.

Nigeria has been ruled by soldiers for all but 10 years since it gained independence in 1960. The military fairly claims a role in preserving the integrity of the nation, and it has conducted a responsible regional policy. But as an institution it is simply incompetent to steer toward modernization in Nigeria's complex circumstances. A conference of experts collected by the U.S. Institute of Peace suggests that it is becoming a "failed state." It is getting poorer and more fragmented. Its mismanagement and indulgence of corruption are a legend.

This is the context of a shocking report in November that a Lebanese

high-roller regarded as an Abacha front man had contributed \$460,000 to an ostensibly nonpartisan U.S. voter registration group linked to the Democratic National Committee. Further, that he had attended a White House dinner for fund-raisers and then been received by high-level U.S. officials. The better to get the democratization message through to General Abacha, one of those officials explained. Others suspect that the general's man, Gilbert Chagoury, got to speak of the general himself, resulting in gaining access to the Washington Beltway.

The United States slapped the Nigerian wrist in 1993, maintaining diplomatic contact but imposing travel and visa restrictions and barring military aid. The issue now is whether the American interest in Nigeria's economic and strategic health, in its cooperation against drugs and crime does not require a tougher international program to open up the political arena. The point would be to ensure that an authentic civilian leadership, not just a recycled fake-civilian Abacha, comes to the fore in the next, crucial, electoral phase.

—THE WASHINGTON POST.

So Stay Buckled Up

The violent jolt came without warning as United Flight 826 was climbing from 31,000 feet (9,500 meters) above the Pacific Ocean to avoid some thought-to-be light turbulence. As shown in a chilling videotape taken by a passenger in the cabin, what is believed to have been severe turbulence slammed the jumbo jet into a violent plunge. For hellish seconds, the impact tossed up flight attendants and passengers who were not wearing their seat belts, killing one woman and injuring 102 others. The veteran captain, who was later praised by airline officials for saving the aircraft, is said to have told superiors it was the worst experience of his career.

It is also one of the worst nightmares for all pilots—and more common than one might expect. Turbulence can be all but impossible to detect or predict. Federal officials note that it results in nonfatal injuries in more airline passengers and crew members every year than any other event involved in flying. Yet the statistics do point up a most important, lifesaving step that passengers should take: staying buckled up at all times when seated and obeying all signs and suggestions from the pilot in stay seated and buckled.

Almost all injuries are to people not wearing belts. The Federal Aviation Administration says it receives an average of 58 reports of turbulence-related passenger injuries a year from the airlines, which, for reasons that es-

cape us, are not required to report such incidents. From 1981 to November 1996, 252 incidents of turbulence were reported; these killed two passengers, seriously injured 63 and caused lesser injuries to 863. The fatalities and all but two of the 63 serious injuries involved unbuckled passengers.

Flight attendants are the most in jeopardy, standing and working as they do. They ought to have more opportunities to sit down and buckle up at the urging of pilots, but demands for service make this difficult to codify.

But the FAA can and should order that all passengers be buckled whenever they are in their seats and that they be seated immediately when told by flight attendants to do so. As it is, some passengers refuse to comply. Patricia Friend, president of the Association of Flight Attendants, observes that "people are so comfortable with air travel" that they don't always take safety advice seriously.

The FAA, airlines, the National Aeronautics and Space Administration, the military and private-industry researchers are working to come up with devices to detect turbulence. What is called "clear air" turbulence (as opposed to "convective" turbulence that occurs near thunderstorms) continues to occur undetected. Still, almost anyone seated and buckled likely will live to tell about it. That should be enough to hammer home the message.

—THE WASHINGTON POST.

Fasten Seat Belts for Another Roller-Coaster Year

By Jim Hoagland

WASHINGTON — Keep one eye fixed on the rearview mirror and the year that was, while you gaze into the crystal ball for 1998. Fasten your seat belt as another year on the roller coaster of change in world affairs begins.

The big four foreign policy challenges of the new year for America are easy to spot. They grow out of unresolved upheavals of 1997: Iraq, Iran, the collapse of the Asian economic miracle, and China's re-emergence as a major power after a century of isolation and humiliation.

Also demanding quick attention from President Bill Clinton and his aides are three other ominous carryovers: the breakdown in Israeli-Palestinian peace efforts, turmoil in the two Koreas, and looming political instability in Indonesia.

My two long shots for 1998 are happier bets. Pope John Paul II's visit to Cuba in mid-January will unleash political currents that will lead at last to Fidel Castro's departure from power. And Japan's leadership, starting from the abyss of a 1930s-style depression, will put aside the factionalism and financial caution that have deepened that nation's crisis of confidence.

Look for an overhaul of Japan's

political and economic decision-making machinery that will help resolve Asia's financial troubles.

As long as we are hoping, let us hope big. Especially since the sure things have so much potential for disaster.

January could turn out to be the cruelest month for President Clinton. He will want to focus his State of the Union speech on accomplishments, particularly the enlargement of NATO that he has masterminded. It gives the White House a chance to push on an open door, since there is no serious opposition in Congress to amending the NATO treaty to bring in the Czech Republic, Hungary and Poland.

But Saddam Hussein has other ideas. With the distractions of the holidays over the way, it will become clearer that the Iraqi dictator has succeeded for more than three months in completely thwarting United Nations inspectors looking for chemical and biological weapons, while international concern has intensified about the harshness of economic sanctions on Iraq's civilians.

Time is now working on Saddam Hussein's side. If Mr. Clinton accepts

for much longer the New Year's status quo — UN inspectors back in Iraq but ineffective, international support weakening for existing sanctions, and opposition to U.S. military action steadily growing abroad — it will be he who is in a box, not Saddam Hussein.

Congress will return to town in January to push Mr. Clinton on another subject that he preferred to duck as 1997 ended. Iran, Jesse Helms and other conservative Republicans will be demanding that the administration impose economic sanctions on Iran, even as Mr. Clinton is looking for international help on Iraq, Asia's currency collapses and other U.S. interests.

This is a formula for an international train wreck. Sanctions against France and Russia in this case would ignite a nasty running quarrel between Washington and the European Union over trade, at the moment when the world will be holding its breath over the South Korean bailout and over an increasingly visible conflict in Indonesia over who will succeed President Suharto.

The year does not have to go in that direction, which would lead to global market panics and spiking oil prices. For the first time since the 1979 revolution,

there are signs of a significant power struggle within the Iranian leadership and prospects for a lowering of tension between Washington and Tehran. The beginning of 1998 is a moment for exploring dialogue with Iran rather than promoting confrontation.

The turmoil in Asia's stock markets, and currency values, swings the spotlight from China, the biggest international story of 1997, to Japan, which will dramatically affect global stability by the financial and political choices it does or does not make this year.

America's trade deficit with Asia will soar in 1998 and is likely to reach \$250 billion globally by the end of the year. Japan must move to ward off the protectionist pressures that this deficit will create in Washington.

Continuing the bureaucratic and political immobilism that has prevailed since the end of the Cold War is not an option for a Japan that is also exposed to serious damage to its banking system from South Korea's problems.

Big storms are visible on the horizon for 1998, but with luck and skill they can be avoided or outrun. All in all, this will be a year to walk quickly and carry a big umbrella.

The Washington Post.

New Year's Resolution: Rethink the Deregulation Fad

By William Pfaff

PARIS — As 1998 begins, one may hope that we have learned something from 1997's Asian economic crisis. The systematic deregulation of the global economy — an aim still energetically pursued by the major international economic institutions, as well as by the U.S. government — is explosively dangerous.

What has happened in Asia demonstrates that this program produces a globalization of crises, as well as of trade. Only one major Asian economy has thus far escaped the storm, China's. Its Hong Kong exposure (support for a Hong Kong dollar linked to the U.S. dollar) may yet sweep it into the maelstrom, but its ability until now to withstand the forces that have produced so much damage elsewhere is the result of the fact that China is not a globalized economy.

China has foreign exchange regulations and controlled trade. Its economy is protected. Some bankers and officials of international institutions have now suggested that exchange regulation might provide part of the cure for crisis elsewhere in Asia. That is a formidable reversal of the conventional wisdom.

Certainly credit regulation is in order. When was it not? Americans can name at least two previous occasions when, as the former head of the U.S. Congress's General Accounting Office, Charles Bowsher, recently put it, the United States "confused deregulation with supervision" (terminating supervision in the name of deregulation).

The most recent occasion was the 1980s, when de-supervision plus deregulation produced the collapse of a large part of the U.S. savings and loan industry — the losses then being paid off by the U.S. taxpayer.

The earlier case ended in the crash of 1929 and the Great

Depression. Now, as Mr. Bowsher says, "the same thing has happened in Asia."

The simplistic ideological argument for global deregulation asserts that in the end everyone will benefit, since regulation is by ideological definition bad and deregulation good. In fact, deregulation (un-surprisingly) benefits the most powerful players, who have the resources to take advantage of it. Their motivation is maximized profit.

The deregulation ideologist assures us that the god of economics writes straight with crooked lines, and that he will eventually draw from the greed of the powerful prosperity and happiness for the weak.

Firm evidence for that proposition remains to be produced. The evidence we have, heavily augmented by what has just happened in the major Asian economies, is that unrestrained greed tends to produce injustice, and injustice tends to produce political unrest and upheaval.

This is why the modern world, after each crisis of deregulation, has restored regulation.

Regulation introduces into the free play of economic self-interest constraints designed to protect society and assure those social and political values threatened by the unrestrained individual and corporate pursuit of economic advantage.

That is why the United States regulated "trusts" and markets after the destructive excesses of the Gilded Age, again after the 1929 Wall Street crash, and, most recently, after American taxpayers discovered themselves fleeced by unscrupulous or excessively exuberant savings and loan operators.

There is now serious danger in Asia that people will see themselves as victimized by predatory Western bankers and by Western governments.

The IMF aid granted to Korea, under pressure from the U.S. Treasury (as earlier to Thailand and Indonesia), has been criticized as designed to save Western banks and investors from their unconsidered speculations, while imposing the costs of the crisis on an emergent Asian middle class and on Asian workers, now condemned to austerity or unemployment while bearing little responsibility for what has happened.

Moreover, the press reports that American and European companies, even as Western speculative investments in Asia are being bailed out by the IMF, will now get a second dip, into

the riches to be made from the downfall of Asia's crisis. South Korea's companies, like Thailand's banks, are threatened with forced sale to Western interests at derisory prices.

"Big opportunities exist," The New York Times reports.

A congressman who sympathizes with South Korea's plight, Robert G. Torricelli, Democrat of New Jersey, says that South Korea "is about to see a fire sale of some of its major assets." They are, he remarks, "losing assets that took generations to acquire."

The implications of this for political relations between the West and the Asian peoples who are victims of this crisis may be imagined. There certainly will

be bitter nationalist reactions, fueled by human suffering.

The only optimistic observation that can be offered is that the crisis has come relatively early in the process of globalization. We might learn something from it.

Possibly there now will be a reappraisal of the deregulation juggernaut. New attention might be given to the social and political consequences of globalization.

In that case, the events of the final months of 1997 will have made a constructive contribution to the new year that we are beginning. Let us hope for the best.

International Herald Tribune
Los Angeles Times Syndicate.

Make Greece and Turkey Behave

By Louis J. Klarevas

WASHINGTON — If Bosnia is the conflict that made NATO useful in the post-Cold War era, Cyprus is the one that can make it useless.

Traditionally a powder keg sitting between two NATO allies, Cyprus has in recent months been providing reminders of how quickly the alliance can be brought to its knees by exercises in brinkmanship between Greece and Turkey.

Both sides have been arming and practicing for a military showdown since 1974, when Turkey invaded in response to a coup sponsored by the military junta ruling Greece at the time. Turkish forces have remained in Cyprus since, controlling the northern third of the island, which in 1983 declared its independence but has since been recognized only by Turkey. Today Cyprus is one of the world's most militarized areas.

Recently Greece and Turkey engaged in provocative military maneuvers. Greece and Cyprus undertook a joint military ex-

ercise called Niki foros from Oct. 10 to 14. Turkey responded by sending military aircraft into the region. In the process, both parties violated a six-month-old moratorium on military overflights of Cyprus. More threateningly, Turkish military planes more than once buzzed the C-130 aircraft carrying the Greek defense minister.

In an unusual public criticism of a U.S. ally, the special presidential emissary for Cyprus, Richard Holbrooke, referred to this airborne harassment as "an unacceptable act which does not help in defusing tension between Greece and Turkey." He called it "a very serious incident in which human lives were put in danger."

NATO's utility and credibility would be damaged irreparably should the two NATO allies go to war. Simply put, how can NATO promote peace and defend the alliance's security if it cannot even get two of its allies to behave peacefully toward each other?

Greece and Turkey's NATO allies should actively engage them in concrete actions aimed at reducing tensions. As the Turks have reservations about most international organizations in Europe, especially the European Union, NATO is well situated to serve as a mediator.

Recently, NATO's secretary-general, Javier Solana, and other NATO officials have taken a more active role in discussing differences between the two allies. One of the first positive results came a few weeks ago when the two countries worked out some of their long-held differences over military command and control of the Aegean.

It is time for the remaining NATO allies to take a tough stand. If this means that Greece and/or Turkey have to be banned from NATO military exercises or that military assistance to the two states has to be suspended, then so be it.

Demanding that Greece and Turkey institute confidence-building measures is a fair price to pay to maintain peace in the region as well as to preserve NATO's future.

The Western allies, especially the United States, should put their diplomatic muscle behind four endeavors:

• Turkey and Greece should be reminded of their pledges at the Madrid NATO summit last July to "refrain from unilateral acts, on the basis of mutual respect and willingness to avoid conflicts arising from misunderstanding."

• Both should agree again to an open-ended moratorium on military flights over Cyprus.

• Both need to accept a binding "incidents at sea" agreement prohibiting reckless and dangerous conduct by naval vessels.

• Greece and Turkey should be encouraged to forgo any future non-NATO war games, especially if (1) the mock enemy is the other NATO ally, (2) the exercises take place in the Aegean or Mediterranean, or (3) they involve any Aegean islands, Turkey's western coast or the shared border area between Greece and Turkey in the north. Turkey recently took a step in the right direction when it canceled a scheduled Aegean military exercise.

It is time for the remaining NATO allies to take a tough stand. If this means that Greece and/or Turkey have to be banned from NATO military exercises or that military assistance to the two states has to be suspended, then so be it.

Demanding that Greece and Turkey institute confidence-building measures is a fair price to pay to maintain peace in the region as well as to preserve NATO's future.

The writer, a research associate at the U.S. Institute of Peace, contributed this comment to The Washington Post.

For an East Timor Settlement

By José Ramos Horta

SYDNEY — As 1998 begins, it is time for the international community to press harder for a peaceful solution to the East Timor conflict, which first became a United Nations issue in December 1975 when Indonesia invaded and occupied the territory.

In the last few days before the invasion, the East Timorese Fretilin party, with its as its foreign affairs spokesman, made a unilateral declaration of independence from Portugal, the colonial ruler. That declaration prompted Jakarta to invade.

Twenty-three years later, the toll has been enormous. East Timorese have experienced brutality of genocidal proportions, with the loss of around one-third of the population. Our culture has been severely damaged, our people marginalized by Indonesian immigrants, their land taken and the environment destroyed.

Indonesia has suffered increasing international opprobrium. A looming recession, following the collapse of the Indonesian currency in the East Asian financial turmoil since mid-1997, will challenge the legitimacy of President Suharto's government. It is now clear that the end of his regime is near and East Timor's freedom is in sight.

Both sides should reflect on the East Timor tragedy and seek a negotiated settlement.

Although the invasion was probably the most serious political and military mistake in Mr. Suharto's long rule, we

looked at our future in a spirit of sincerity and humility about our past. We need to face the future with honesty, clear vision and purpose.

Indonesia must improve the situation in East Timor. Political prisoners should be released; the widespread human rights violations must stop, and Indonesian troop reductions should be carried out.

Bishop Carlos Ximenes Belo, my fellow Nobel laureate, has appealed to Indonesia through the United Nations to end violence and torture.

Such steps could lead to local autonomy and eventually a referendum on self-determination for East Timor under UN auspices to work out the final status of the territory.

The East Timorese resistance fighters must cease their activities and pursue a non-violent strategy inspired by the great men of this century, Mahatma Gandhi, Martin Luther King and the Dalai Lama.

As Indonesia faces an increasingly difficult future, it cannot afford the economic and diplomatic costs of a continuing occupation of East Timor.

I am encouraged by the moves of the United States and Britain to help find a peaceful solution to the conflict. But more effort by the international community as a whole is needed to push Indonesia to cut its losses in East Timor.

The writer, who shared the 1996 Nobel Peace Prize, contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1998: German Gag

PARIS — Freedom of speech is not one of the benefits enjoyed by the German people. William II, ascended the throne in 1889, and in 1890 a new regime commenced, with the result that prosecutions for offenses against His Majesty's person showed a decided increase. The offenses have increased 33 per cent, and the number of persons punished 25 per cent. The provisions of the Code are very elastic, and can be made to apply to almost any words spoken which may be offensive to the Emperor.

1923: Revolt in Mosul

CONSTANTINOPLE — Insurrections have broken out in Mosul. In all the disputed oil territory Turkish and Kurdish tribes are in full revolt. British air forces are bombing the insurgents. The Mosul territory has been one of the chief bones

of contention at Lausanne, the Turks demanding its restoration on the grounds that most of the inhabitants are Turkish and Mohammedans, while the British, who now occupy the territory, which nominally is under the King of Iraq, backed by the other Allies, seek to retain it.

1948: Brothel Dispute

PARIS — Existence of a black market in prostitution with the merchandise more than 50 per cent contaminated was the argument with which Deputy Lefevre-Fontalis supported Mme. Raster-Caillet, member of the Paris City Council, in her campaign for the reopening of licensed brothels. M. Lefevre-Fontalis said that the movement which resulted in the closing of brothels was "pure hypocrisy," as there were in Paris alone 380 "clandestine houses" which were "clandestine" through bribery of officials.

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Editor for Asia: Michael Richardson, 5 Cantonment Rd., Singapore 1900. Tel: (65) 472-7765. Fax: (65) 774-2334.
Mgr. for Asia: Terry Danner, 20 Gloucester Rd., Hong Kong. Tel: 852-3622-1888. Fax: 852-3622-1890.
Gen. Mgr. Germany: J. Schuler, Postfach 15, 6023 Frankfurt. Tel: +49 69 97720-0. Fax: +49 69 97720-20.
Pres. U.S.: Michael Cuspy, 850 Third Ave., New York, N.Y. 10022. Tel: (212) 753-3890. Fax: (212) 753-5785.
U.K. Advertising Office: 63 Long Acre, London WC2E. Tel: (171) 836-4802. Fax: (171) 240-2255.
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Caution: Navigation Is Dangerous at the Auction Houses

NEW YORK — The art market has reached a dangerous pass. As auction houses celebrate their feats in financial reports (Christie's, one shortly) or elegant art books ("Sotheby's Art at Auction 1996-1997"), the past season's greatest extravaganzas symbolizes the explosive situation.

"The Dream" painted by Picasso on Jan. 24, 1932, a one-day picture in which the artist returned to the Fauve days of his youth in a spoozy flashback, came up at Christie's on Nov. 10. It was part of the Victor and Sally Ganz collection, of which no one, barring two dozen Picasso specialists or so, had heard until Christie's marketeers drummed it up into an art trope of stellar importance. "The Dream" sold for a dream price, \$48.4 million, as did the whole collection for an aggregate \$206 million.

For the outsiders, that was that. Nothing transpired of the tension that some, close to the action, say rose within the company as D-Day got closer. To wrest the sale away from Sotheby's, Christie's must have put up a huge "guarantee" ensuring the consignors of a fixed cash amount no matter what, probably far in excess of the aggregate \$120 million forecast. Christie's would have had a problem, had it not won this poker game hands down.

How many more can the two rival auction houses hope to get away with? No one knows, not even the financiers. For the moment they are content to parade the huge prices without dwelling on the failures.

Unfortunately, triumphs and failures

alike spell trouble for the future as do all signs of imbalance in any market. At first glance, Christie's scores seem sensational. On July 6, in London, a pair of George III giltwood armchairs soared to \$1.7 million (\$2.8 million). Designed by Robert Adam and made by Robert Chippendale for the Dundas family, they must have given bidders the feeling that they were contending for a chunk of British history at 10 times the price that an ordinarily expensive pair might command.

In November, there was the Victorian piano sold by Christie's, in London again, for \$716,500. No ordinary piano, you understand. It was designed by Lawrence Alma-Tadema, the Victorian

SOURIN MELIKIAN

artist whose work is not always clearly distinguishable from kitsch. The buyer was not ordinary either. It was the Sterling & Francine Clark Institute in Williamstown, Massachusetts, whose director, Michael Conforti, explained over dinner that the piano fitted well into their collection of 19th-century musical instruments.

Other buyers in other fields no doubt had similar reasons, in which the "last chance" syndrome, typical of a market where supplies shrink, plays a part. That syndrome may have prompted whoever got the late 14th-century Ming decanter painted with a copper-red pattern to pay the equivalent of \$2.86 million at Christie's Hong Kong on Nov. 5, a record for Chinese underglaze painted porcelain. That same day at Sotheby's, a Ming blue-and-white brush washer of the early 15th century decorated with a

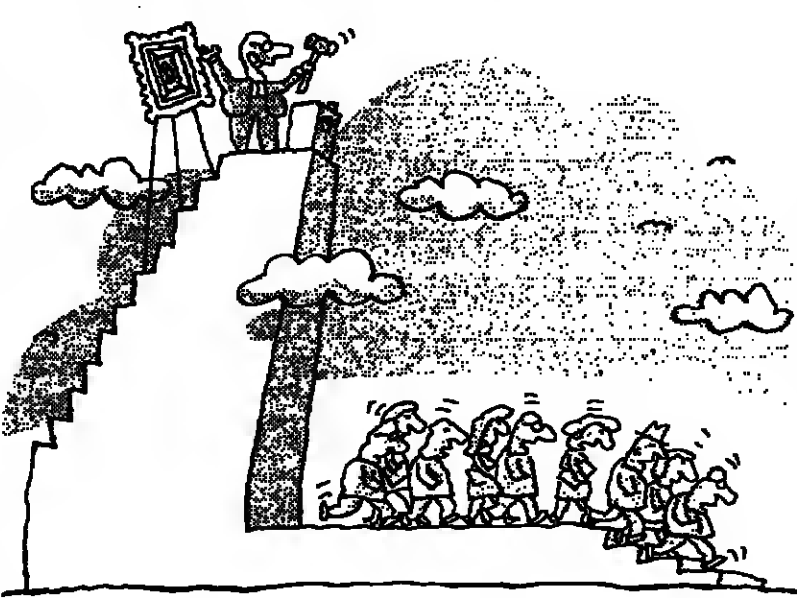
dragon inside and a second dragon on the underside (the only such instance on record) fetched \$2.1 million, which is proportionately just as staggering.

Yet, according to a reliable trade source, this did not allow the Japanese collector who consigned it to get his money back. The collector apparently has a marvelous eye not matched by financial prudence. The same source reports that he also consigned a late 10th-century Chinese vase carved with a bold peony pattern under an ivory glaze.

It is, or rather was, a museum piece until the Boston Museum of Fine Arts sold it in 1978 to the London dealer, Giuseppe Eskenazi. One of a pair, this one suffers from a slight restoration to the lip. Within weeks, Eskenazi sold the vase to the British Rail Pension Fund, presumably for less than the asking price of \$120,000. In 1989, at Sotheby's, London, it fetched \$825,000 (more than \$1 million), but last November, on one responded as the bidding started well below, at the equivalent of \$776,000. The same collector had no better luck with an admirable marble stela of the third quarter of the sixth century. There is a limit to everything, however admirable.

That day, the sales at Christie's and Sotheby's gave the impression of a Russian roulette game. Some unique objects made it to extravagant prices, others did not. A polychrome vase of the Qianlong period (1736-1795), of a type only seen in the Palace Collection at Beijing, sold at Sotheby's for \$1.28 million, in between two failures that hit rare porcelain pieces.

The yo-yo game, one up, one down,



affected every field in 1997. Those that used to be shielded from excesses because they were dominated by collectors, such as medieval works of art, are no longer immune. The rarefaction of newcomers attracted by glitz, greed or simply the fun has sent prices soaring to such levels that only a very few genuine collectors who happen also to be wealthy can keep up, surrounded by others who are players, not connoisseurs. Prone to lose interest when difficulties arise, they use art as chips in a game that has made the market perilously unpredictable.

Even true collectors become contaminated. The failure of a sensational collection of 12th- and 13th-century champlevé enamels owned by an eminent connoisseur, Edmund de Unger of London, was the year's most surprising occurrence. Offered in New York at Sotheby's on Nov. 20 under the designation "The Keir Collection," all its superlative stars fell unsold, killed by estimates that were triple the highest conceivable price. Although no one knows more about the art or the market than De Unger himself — or the Sotheby's department involved — one can see what led them to miscalculate.

The year before, a champlevé enamel reliquary had sold for an extravagant \$6.5 million at Sotheby's after being magnified into a national heirloom woven into the web of British medieval history on flimsy circumstantial evidence. Extravagant prices had been paid for objects in other fields. In November 1996, a French royal silver tureen and stand made in 1733-34 by Thomas Germain had climbed at Sotheby's to a mind-boggling \$10.2 million, a world record for silver.

The extravaganzas continued this year. At Sotheby's, in London, only four days after the New York debacle, a bowl of the third or second century B.C. described as "Roman," but more likely to be Iranian or Syrian, set a record for glass from the ancient world at \$2.1 million.

The champlevé enamel failure highlights the dilemma confronting auction houses. If they give in to their consignors' dreams and base their estimates on the most extravagant prices recorded, they are more likely to fail than to succeed. If they resist, they risk losing the sale. As the upward pressure grows, the whole market gradually prices itself out. The higher prices go, the more difficult it becomes to guarantee that a buyer can be found. The auction market has turned into a lottery where winners can only grow scarcer. For auction houses, the time when their profitability, already low, might dip below acceptable levels may not be far away, and for art buyers, the prospect is to pay ever more for a relentlessly decreasing level of quality. Many traditional art lovers are bowing out of the collection scene altogether.

Women Color Foreground of British Art Scene

By Alan Riding
New York Times Service

LONDON — The remarkable thing about the Turner Prize, Britain's best-known visual arts award, was not that all four finalists were women. It was that the selection of an all-female short list caused little surprise. Only a few years ago, women who are artists were noteworthy for their absence here. Today, their prominent place in Britain's lively contemporary art scene is taken for granted.

"Things have changed radically," said Gillian Wearing, 34, the video and photography artist who won the \$33,700 Turner Prize last month. "The other day, I was looking at the art columns of a 1985 magazine, and all the shows were of men. Just one woman, Gillian Ayres, was reviewed. In my time, things have been balanced. I have never had to worry about my gender."

Indeed, if it always seemed unfair to talk about "women artists" while men were known simply as artists, today the distinction has become largely irrelevant. Feminist artists of the 1970s and '80s, notably in the United States, may be admired as heroines of a past struggle, but they are no longer role models in Britain. Here, artists formerly known as women, so to speak, are now numerous and successful.

Apart from Wearing and the other 1997 Turner finalists, Cornelia Parker, Christine Borland and Angela Bullock,

Britain now has 15 to 20 women who have begun to make names for themselves as artists. They are represented by reputable galleries, they exhibit regularly in Britain and abroad, their shows are reviewed in newspapers and their work is being acquired by museums and collectors.

In 1993, the sculptor Rachel Whiteread, who is now 34, became the first woman to win the Turner Prize, and several other women have been included

Because of a generational revolution, they have emerged as creators.

In Turner short lists in the '90s. Further, women accounted for 10 of the 41 artists represented in "Sensation," a group show of young British artists' works from the Saatchi collection that has just closed at the Royal Academy in London.

Yet because the female artists of the new generation are mainly in their late 20s and 30s, they are only distantly aware of how difficult things were as recently as the 1980s for older, established artists like Ayres, Bridget Riley and Helen Chadwick, who died in 1996.

The younger women consider it nor-

mal to enjoy freedom, equality and a degree of economic security.

"It's only extraordinary how quickly this has happened," said Cathy de Monchaux, 37, a conceptual artist who is mentioned as a possible Turner Prize contender next year. "Ten years ago, there were so few women. All of a sudden, there are too many to mention, and it's no longer considered extraordinary."

In a sense, of course, the rise of young women as artists merely reflects the growing opportunities for women throughout British society. Yet in the visual arts, even more than in other areas of culture, something special has occurred. British women have long been visible in movies, theater and music as performers, but not as directors, playwrights or composers. In the visual arts, they have now emerged as creators.

This has become possible because contemporary art as a whole in Britain has been transformed by a generational revolution. An exhibition called "Freeze" in London in 1988 is now regarded as the moment the first shots were fired. Organized by Damien Hirst and displaying works by students from Goldsmiths' College in London, the show signaled the determination of young artists to win recognition without waiting for approval by the art establishment.

Several women were in the show, but ambition, innovation and a certain social rage were more relevant than gender.

"Everyone felt it was suddenly possible to take control," said de Monchaux, who was doing graduate work at Goldsmiths' at the time. "Instead of saying, 'I'll be an artist when I grow up, they were saying, 'I'll be an artist right now.'"

That the movement began at Goldsmiths' was no coincidence. While British art colleges have long enjoyed a reputation for excellence, in the 1980s Goldsmiths' created a single course for students, eliminating the barriers among painting, sculpture, printmaking and the like. Its teachers also encouraged students to express themselves in new ways. Further, with a higher proportion of working-class students than other London colleges, it fostered irreverence toward tradition.

"I went to a really good art school, which wasn't about gender but about the possibilities of art," said Wearing, who graduated from Goldsmiths' in 1990.

The main obstacle to women as artists, then, was not access — there have long been as many women as men in British art colleges — but the prevailing aesthetics.

"I went to a quite macho art school in the 1970s, and while everyone was making hulking big sculptures, I was making things out of bits of paper," said Parker, 41, the oldest of the recent Turner Prize finalists. "At my degree show, someone said, 'It's nice, but it's very feminine.' I said, 'Thank you,' taking it as a compliment, but they obviously meant it as an insult."



Whiteread with one of her sculptures made from a plaster cast of a room.

At the time, British painting was dominated by men, especially by an all-male group called the London School, named by R. B. Kitaj, and headed symbolically by Francis Bacon and Lucian Freud. But with Goldsmiths' challenging the dominant role of painting and sculpture and dissolving the traditional barriers among disciplines, women found themselves working in a new arena where

rules were not written in concrete. "The development of means of expression that are very much concerned with personal experience provides a platform where women can say something markedly different," said Nicholas Serota, director of the Tate Gallery. "I think they're more willing to expose themselves and their own vulnerabilities than men."

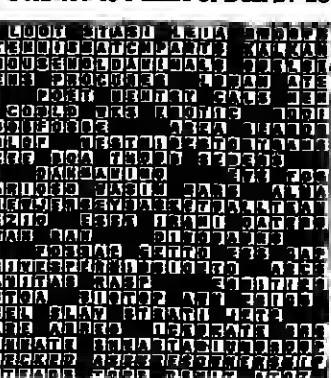
SOUTHERN-SPEAK By Nancy Joline and Peg Conner

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- 110 Limp, as hair
- 111 Pro
- 114 Attention-getter
- 115 It may be thrown
- 116 Napoleon, for one

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Solution to Puzzle of Dec. 27-28



Budapest's Appetite for Antiques

By Christine Spolar
Washington Post Service

BUDAPEST — It has been the kind of art-and-antiques auction season that takes your breath away, but the veteran auctioneer Judit Virag still has a few words left about how Hungarians are turning out to bid for pieces of the past.

"It's phenomenal," said the tall, flame-haired doyenne of the postwar price wars in town. "It's become a part of the social season without having to get dressed up to go to a ball. There are even social groups built around this who come and bid among themselves for each item."

Art and antiques are up for grabs in dozens of galleries in Budapest. No one is keeping statistics, but the sidewalks of Falk Miksa Street in the center of the capital bear witness to what one museum curator here called the latest growth industry.

The street has become a nearly unbroken mile of enticing storefront galleries. Each bears a bit of the best of Hungarian culture: paintings by renowned artists, crystal chandeliers from the turn of the century, beguiling bronze desk lamps, settees, break-fronts, cranky old coffee grinders, china dolls, bijou gold brooches and long knotted strands of lustrous agate. The galleries draw lines of buyers and sellers looking for good prices, contributing to the general notion that Hungarians, less than a decade after communism and following a couple tough years of economic belt-tightening, are feeling flush.

"I have the money now and I buy art," one young woman said with a shrug. In a single auction, she hid on and bought two small paintings to carry home. Like many buyers, she came with wads of currency, hidden deep in her purse. The gallery, like many Hungarian businesses still cautious about checks or credit cards, accepted only cash.

"There's more Hungarians coming and buying than ever before," said Tamás Egy, an appraiser for 10 years at the large state-owned Company for Consignment Sales, better known as BAV. "It's not just the upper-crust people coming in. It's the middle class. People want nice things."

Hungarians dabbled in auctions even during the time of communism. They did not suffer the losses of art and antiques that Poland and other Eastern European countries experienced in World War II, and many families have been able to hold onto some of their most beautiful belongings. But the state auctions in the 1980s usually had far fewer items for sale, and prices had no relation to the antiques' true market value. Sale catalogues were printed on low-quality paper with poor descriptions.

That changed a few years ago as art and antiques became part of the currency of the new rich. Laszlo Lengyel, head of art registration for the Museum of Fine Arts, said he noticed three years ago that new private galleries had begun tempting customers with glossy catalogues brimming with more than 300 pieces of art on sale each night.

"We saw foreigners come in and openly buy artwork that was protected by law — and then they'd quickly get out of the country," he said. "The Hungarian government is now trying to protect the art but it's difficult."

According to Hungarian law, any object more than 100 years old is protected as part of the national heritage and can be exported only under rare circumstances.

The Hungarian government has become so concerned about smuggling that it recently sent six officers to Italy for seminars with a police brigade that focuses on art crimes. Culture Minister Balint Magyar plans for police to begin tracking what he sees as illegal trade and the plundering of the national heritage.

Hungary wants to curb

what one curator called a "multimillion-dollar traffic that follows the same routes as arms and drugs." So far, few laws have been passed that directly curb the trade or even protect the customer from buying fakes.

INDEED, the auction scene in Hungary should be approached with a caveat: Buyers beware. Auction houses and galleries are not required to supply certificates of authenticity, so as prices soar the potential for fraud multiplies. Some paintings, skyrocketed to 10 times the opening bid during the recent holiday auction season. "The size of illegal commerce is growing year to year — we know that and we are doing something about it," Magyar said.

ARTS

Antique Expo
The Online Art & Antiquity International Exhibition
on Internet
<http://www.antique-expo.com>
Antique Expo is a virtual marketplace for art and antiques. It features a wide variety of items for sale, including paintings, sculptures, and more. The site is easy to navigate and offers a secure shopping experience.

Friday's 4 P.M. Close

Friday's 4 P.M. Close
The 2,600 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

12 Month High Low	Stock	Dtr Yld PE	Slt 100s High	Low Latest Chrg
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High	Low	Stock	Do Yld	PE	1993 Hqs	Low/Lowest	On
11.00	10.75	Amgen	11.00	10.75	10.50	10.25	10.00
10.50	10.25	Amgen	10.50	10.25	10.00	9.75	9.50
10.00	9.75	Amgen	10.00	9.75	9.50	9.25	9.00
9.50	9.25	Amgen	9.50	9.25	9.00	8.75	8.50
9.00	8.75	Amgen	9.00	8.75	8.50	8.25	8.00
8.50	8.25	Amgen	8.50	8.25	8.00	7.75	7.50
8.00	7.75	Amgen	8.00	7.75	7.50	7.25	7.00
7.50	7.25	Amgen	7.50	7.25	7.00	6.75	6.50
7.00	6.75	Amgen	7.00	6.75	6.50	6.25	6.00
6.50	6.25	Amgen	6.50	6.25	6.00	5.75	5.50
6.00	5.75	Amgen	6.00	5.75	5.50	5.25	5.00
5.50	5.25	Amgen	5.50	5.25	5.00	4.75	4.50
5.00	4.75	Amgen	5.00	4.75	4.50	4.25	4.00
4.50	4.25	Amgen	4.50	4.25	4.00	3.75	3.50
4.00	3.75	Amgen	4.00	3.75	3.50	3.25	3.00
3.50	3.25	Amgen	3.50	3.25	3.00	2.75	2.50
3.00	2.75	Amgen	3.00	2.75	2.50	2.25	2.00
2.50	2.25	Amgen	2.50	2.25	2.00	1.75	1.50
2.00	1.75	Amgen	2.00	1.75	1.50	1.25	1.00
1.50	1.25	Amgen	1.50	1.25	1.00	0.75	0.50
1.00	0.75	Amgen	1.00	0.75	0.50	0.25	0.00
0.50	0.25	Amgen	0.50	0.25	0.00	0.00	0.00
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Continued on Page 14

Obsessive Co

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CURRENT

Symbol	Price	Change	Volume	Open	High	Low	Close
IBM	125.00	+1.00	1,200,000	124.00	126.00	123.00	125.00
GE	45.00	+0.50	800,000	44.50	46.00	44.00	45.00
AT&T	38.00	+0.25	1,500,000	37.75	38.50	37.50	38.00
Westinghouse	32.00	+0.75	600,000	31.25	33.00	31.00	32.00
General Electric	28.00	+0.50	900,000	27.50	29.00	27.00	28.00
Rockwell	25.00	+0.25	400,000	24.75	26.00	24.50	25.00
Boeing	22.00	+0.50	700,000	21.50	23.00	21.00	22.00
McDonnell Douglas	20.00	+0.25	500,000	19.75	21.00	19.50	20.00
Lockheed	18.00	+0.50	600,000	17.50	19.00	17.00	18.00
Northrop	16.00	+0.25	300,000	15.75	17.00	15.50	16.00
Raytheon	14.00	+0.50	400,000	13.50	15.00	13.00	14.00
Grumman	12.00	+0.25	200,000	11.75	13.00	11.50	12.00
Boeing Co.	10.00	+0.50	300,000	9.50	11.00	9.00	10.00
Rockwell International	8.00	+0.25	100,000	7.75	9.00	7.50	8.00
Boeing Aircraft	6.00	+0.50	150,000	5.50	7.00	5.00	6.00
Boeing Defense	4.00	+0.25	50,000	3.75	5.00	3.50	4.00
Boeing Commercial	2.00	+0.50	20,000	1.50	3.00	1.00	2.00

1. *Journal of the American Medical Association*, 1997; 278: 1039-1044.

January 2, 1998

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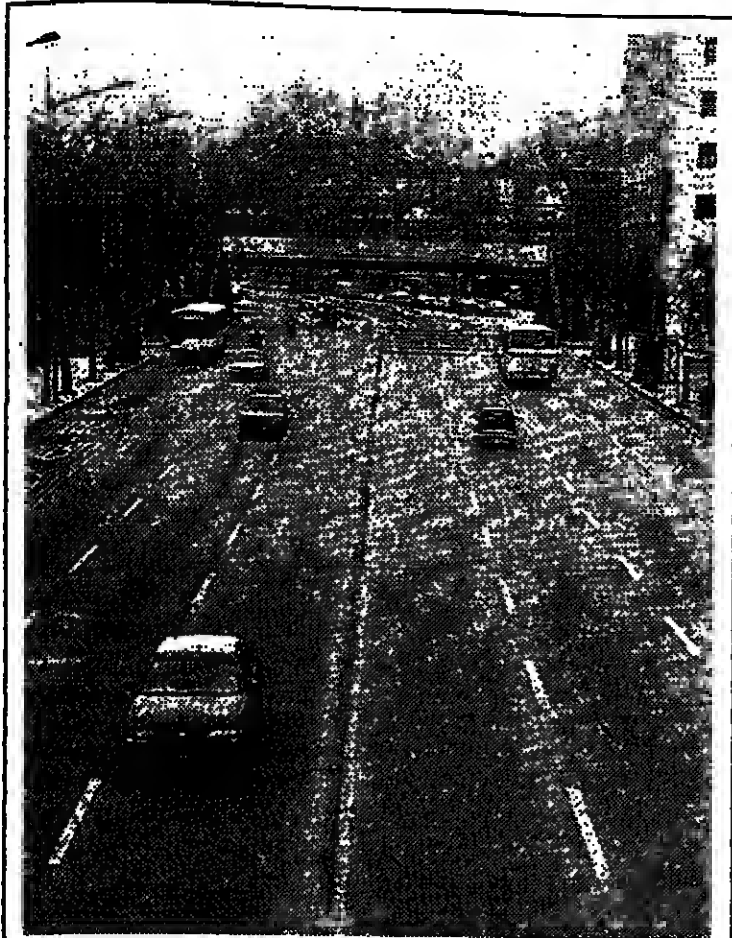
m	Absolute Return Mgt. ARM
l	Active Leveraged Fd
—	Admiral

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The data in the list above is the raw supply by the fund groups to Microcap SA. It is collated and reformatted into the list below being presented to the IHT. Microcap and the IHT do not warrant the quality or accuracy of the list, the date of the performance of funds of the Fund Groups and will not be liable for the list, the data of Fund Group to any extent. The list is not and shall not be deemed to be an offer by the IHT or Microcap to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent advisor before investing.

ASIA/PACIFIC

South Korea Is Looking for a Few Good Bookkeepers



A street in Seoul was nearly deserted on Friday, a holiday and an increase in gasoline prices kept residents at home.

U.S. Accounting Standards Will Soon Become the Norm

By Kevin Sullivan
Washington Post Service

SEOUL — It was cold on the New Year's Eve holiday, so Jung Seung Yong was bundled up in a flannel jacket with a portable heater at his side. He sat alone in the drafty classroom with his calculator, notes and an accounting textbook.

"I want to make some contributions to our country," said Mr. Jung, 40, a computer company employee who has been studying for a year in hopes of passing the U.S. certified public accountant exam. "Our markets are going to be open to the whole world, so we need standardized practices."

Accounting may not be sexy, but it will be pivotal in determining whether South Korea will be able to pull itself out from financial ruin and regain its place as an economic power. The International Monetary Fund and other lenders have stepped in to rescue the world's 11th-largest economy with loans totaling about \$60 billion. In return, the IMF is demanding that South Korea reform its murky economic practices and become a more "transparent" economy.

In blunter terms, that means South Korea has been told it no longer can cook the books. The IMF is seeking a South Korea in which corporations no longer will be able to hide debts by keeping a second—or third or fourth

ledger far from public view. No more cash in the desk drawer, the IMF has urged, and no more politically influenced loans to cronies without a credit check. No more spreading corporate debt around to so many subsidiaries that only the chairman knows for sure whether the company is a million dollars in the black or a billion in the red.

No reform, no IMF bailout—and no future, the bank's negotiators have warned. To prevent that, one of the first things South Korea needs is a few good accountants, and Choi Chang Ho is aiming to fill the need.

Mr. Choi, 39, an American-trained certified public accountant who has studied at American University and Georgetown University in Washington, runs the Korea Accounting and Information School, one of only two or three private institutions in South Korea offering courses to prepare students to take the notoriously difficult U.S. accountancy exam.

"In Korea, we are very secret business people; we keep secret books," said Mr. Choi, whose school is affiliated with the California-based Becker CPA Review program. "But the IMF has said we have to adapt and become more transparent, so people have got to learn the U.S. standards."

That means South Korean accountants must begin following the same accounting rules as the American, European and other Asian

companies they trade with. The international language spoken by bookkeepers in the global economy is the standard set by the U.S. exam.

Since Mr. Choi started offering the courses in July 1995, 27 of his students have passed the American test. An additional 80 people will travel to Los Angeles in May to take the exam. The school has 250 students enrolled, up from 200 last semester and heading for 300 in the semester that starts in March.

After the economy went sour and the IMF program was announced last month, the number of applications took off. Ads in local newspapers are getting triple the response they received in November. When Mr. Choi gave a seminar describing his program two weeks ago, he expected about 50 people to attend, but 170 showed up. Demand is especially high among mid-career professionals who see the writing on the wall: Learn the way the world does business or be left behind.

American companies in Seoul, including Ernst & Young and Citicorp, are paying their employees to take Mr. Choi's courses. Firms such as Coopers & Lybrand, Price Waterhouse and KPMG Peat Marwick have hired his graduates. One of Mr. Choi's former students just opened a similar school, and Yonsei University soon will offer courses to prepare students to take the U.S. exam.

"I would think that sort of school would do quite well here over the next few years," said Stephen Bosworth, the U.S. ambassador to South Korea. "As part of the IMF program, and in their own self-interest, Koreans are going to have to raise their level of corporate governance to world standards."

Certainly, a handful of newly minted accountants are not going to change the way Korea Inc. does business, no more than a few people with paddles could change the course of an oil tanker. But most people here agree that the seeds of change are being planted in courses such as those offered by Mr. Choi.

"Our economy is going to open up to foreigners, so we need to know international standards," said Yoon Kyung Sik, a partner at Ernst & Young, which is sending eight employees a year to Mr. Choi's school.

Mr. Yoon also said that the South Korean market is still effectively closed to foreign accountants. Technically, foreigners are allowed to work in the field, he said, but they must pass the South Korean accountancy exam in the Korean language, which few can manage.

Investor's Asia				
Index	1997	1998	Change	%
Hong Kong Hang Seng	16500	15000	-1500	-9.1
Singapore Straits Times	2000	1900	-100	-5.0
Tokyo Nikkei 225	20000	18000	-2000	-10.0
Exchange	Index	Index	Change	%
Hong Kong	16500	15000	-1500	-9.1
Singapore	2000	1900	-100	-5.0
Tokyo	20000	18000	-2000	-10.0
London FTSE 100	4500	4400	-100	-2.2
Paris CAC 40	3500	3400	-100	-2.9
Frankfurt DAX	3500	3400	-100	-2.9
Amsterdam AEX	3500	3400	-100	-2.9
Brussels Euronext	3500	3400	-100	-2.9
Madrid IBEX 35	3500	3400	-100	-2.9
Lisbon PSI 20	3500	3400	-100	-2.9
Stockholm OMX	3500	3400	-100	-2.9
Copenhagen NASDAQ	3500	3400	-100	-2.9
Oslo Børs	3500	3400	-100	-2.9
Stockholm OMX	3500	3400	-100	-2.9
Copenhagen NASDAQ	3500	3400	-100	-2.9
Oslo Børs	3500	3400	-100	-2.9

Very briefly:

- Chongqing, the Chinese metropolis, has pioneered a tax on cigarette sales to help pay for anti-smoking campaigns; the urban area imposed a levy of 0.1 percent on sales by cigarette manufacturers and vendors, beginning Jan. 1, to fund health-education and smoking-prevention activities.
- Pearl Oriental Holdings Ltd. said sales worth \$58 million Hong Kong dollars (\$72 million) had just collapsed, the second time in two weeks the Hong Kong developer reported that major sales had fallen through.
- Sakura Bank Ltd. and units of the Mitsui group are considering forming a holding company, a Japanese news service reported, quoting financial-industry sources.
- New Zealand's current-account deficit is a source of concern, Moody's Investors Service Inc. said, adding that fallout from the Asian financial crisis could exacerbate the situation.
- Sri Lanka's tea industry said it feared an expected drought would affect output this year after a boom year in 1997.
- India eased restrictions on textile imports in line with its agreement with the European Union, Australia, Canada, Japan, New Zealand and Switzerland to lift restrictions by 2003.
- India's central bank tightened its supervision of small, non-bank lenders by limiting the amount of long-term deposits they can accept and capping the interest rates they pay on annual deposits at 16 percent.
- China's textile industry suffered an 8.6 percent drop in investment to 11.4 billion yuan (\$1.37 billion) in the first 10 months of 1997, compared with the previous year, despite government efforts to bolster the sector.
- Vickers Ballas Holdings Ltd., the Singapore-based brokerage, said it agreed to pay 2.8 million Singapore dollars (\$1.66 million) to Singapore Investments Pte. for the remaining 20 percent stake of its Philippine unit, its second move in two weeks to expand operations in Southeast Asia.
- Mitsubishi Corp. is introducing a so-called extranet system to provide a link to its corporate customers in Japan, Taiwan and Hong Kong via the Internet, Nikkei English News reported.

Bloomberg, Reuters, AFP, APX

Malaysia Sets a Deadline for Finance Mergers

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Aiming to avoid a Thai-style financial meltdown, Malaysia's central bank on Friday set a "target deadline" of March for mergers of the country's many small finance companies.

The statement by Bank Negara was buttressed by the announcement hours earlier that one of the country's biggest banks would take over a small finance company.

Hong Leong Bank Bhd. said it would take over Bolton Finance Bhd., but it gave no details as to how the deal would be structured.

The merger would create Malaysia's fourth-largest finance company, with assets of 9.3 billion ringgit (\$2.38 billion), said Hong Leong's managing director, James Lim Cheng Poh.

Lai Tak Heong, director of research at SocGen Crosby Research Malaysia Sdn., said finance company mergers would "reduce systemic risk."

"If you have one small finance company collapsing," he said, "it may affect the whole system."

As Malaysia's economy has slowed in recent months, many loans have turned bad, leaving smaller finance companies vulnerable to runs by panicked depositors.

"A lot of the finance companies are really tiny and frankly have no reason to be around," Mr. Lai said. "Basically Bank Negara is using the big stick and saying you guys have to be taken over, full stop."

Mr. Lim, the Hong Leong executive, said several small finance companies seemed eager to merge. "They see the situation is more difficult and they put themselves on the

shopping list," he said.

Finance companies were at the center of Thailand's financial crisis, and Bangkok was forced late last year to shut down 56 of 91 finance firms.

The move by Bank Negara is aimed not only at preventing a repeat of the Thai crisis but at consolidating the financial sector before Malaysia further opens up to foreign participation.

"The finance companies are pooling their resources so that they can withstand external competition," said Mohammed Ariff, executive director of the Malaysian Institute of Economic Research, a government-linked think tank.

Officials hope to stem the flow of deposits from local banks and finance companies to foreign-owned banks operating in Malaysia. Long lines have formed at local branches

of Standard Chartered Bank and Hongkong Bank, despite the fact these banks often offer lower interest rates than Malaysian banks.

There are a total of 39 finance companies in Malaysia today. The central bank said Friday that it had "envisaged" that by the end of the first quarter of this year, 90 percent of finance company business would be in the hands of about six companies.

Still, analysts said the mergers would not solve all of the finance companies' problems.

"If you mix a big one with a small one, that doesn't mean you're going to get a decent-looking balance sheet out of the new companies," said Steve Clayton, managing director of Caspian Securities. "The solution to the problem is the creation of new capital, and one way to do this is by inviting foreign participation into the shareholding structure."

Qantas Suspends Its Service to South Korea

Compiled by Our Staff From Dispatches

SYDNEY — Qantas Airways Ltd. said Friday it would suspend services from South Korea to Australia because of a slump in passengers from the region, the third airline to cancel flights on the route amid Asia's deepening economic crisis.

The move confirms the worst fears of tourism authorities, who have been forced to drastically revise their projections of growth in Asian tourist arrivals, which had been buoyant until recently.

"In the past month, Qantas has experienced a drop of nearly 65 percent in demand for seats on the route, compared with the same period last year," said Geoff Dixon, an executive at the airline.

The South Korean won has fallen as much as 50 percent against the U.S. dollar in the past year, and the country has been forced to accept a \$60 billion bailout from the International Monetary Fund and major industrialized countries to meet debt repayment commitments and reform its financial system.

On Dec. 22, South Korea's privately owned Asiana Airlines announced it was halting its two flights a week into the northern Australian resort of Cairns, while Air New Zealand suspended four flights a week from Auckland and Brisbane to Seoul as of Dec. 31.

In November, Qantas foreshadowed a decrease in business from North Asia

and said Asian routes were among its least profitable.

Mr. Dixon said that yields on Qantas's South Korean routes had not been performing very well for some time, and that the route made up a small proportion of the airline's overall business. He said the airline carried about 65,000 passengers from South Korea last year, compared with about 17 million total passengers.

Ian Myles, a transportation analyst at Macquarie Equities, said the move would not have much impact on Qantas's profitability. Shares in Qantas fell 4.6 cents to 2.67 dollars Tuesday in Sydney.

CHRYSLER: New President Aims to Streamline Entire Process

Continued from Page 9

tearfully from the brink of bankruptcy in the late 1970s, Chrysler has been a favorite case study at business schools. And because it is one of the nation's 10 largest companies, and was the fastest growing of these 10 companies in 1996, its example is likely to have a big influence on how other companies try to cut costs.

That is especially true in the current low-inflation, slow-growth economy, because consumers are resisting even the smallest price increases. That leaves cutting expenses as the only way for many companies to increase profits.

Sung Won Sohn, chief economist of the Norwest

Corp., said, "There has been a fundamental psychological change in America where the consumers and buyers are basically expecting premium products and premium services at lower prices. You cannot raise prices, the only thing that you can do is cut costs."

Despite his new standing as the next in line to succeed Mr. Eaton, 57, Mr. Stallkamp is known for his low profile and his self-effacing humor, most recently about his promotion.

"Why me, many of you have asked," said Mr. Stallkamp under the glare of photographers' lights as he spoke to two dozen reporters at a news conference after the announcement. "I'm sure there are going to be days

ahead when I ask myself that."

To outsiders, the promotion makes sense. "He's a no-nonsense cost-cutter," said Gerald Meyers, the former chairman of American Motors Corp., who teaches leadership at Carnegie Mellon Graduate School of Industrial Administration in Pittsburgh. "He's not an ideologue — he's not a romantic."

Chrysler's board has given an unusual structure to the management team, one that suggests Mr. Stallkamp will concentrate on streamlining the company's organization and leave production decisions to the experts.

Although he holds the title of president, Mr. Stallkamp will have no direct authority when it comes to which cars

and trucks are built. "That's unheard of" at an auto company, Mr. Meyers said.

Instead, Thomas Gale, 54, an executive vice president who was passed over for the president's post and who has been responsible for some of Chrysler's most popular car and truck designs, will oversee design and future vehicle strategy, reporting to Mr. Eaton, the chief executive.

Indeed, Mr. Stallkamp seems most interested in the applications of broad business theories. Already, despite being run by a bunch of macho car guys, Chrysler is perhaps best known for its executives' ability to work well as a touchy-feely team. Mr. Stallkamp and other executives said that would continue.

KOREA: Seoul to Sell Off 2 Banks as Financial Reform Begins

Continued from Page 9

In South Korea, the financial situation continues to look grim. The government broadcast a request on national television Thursday for the nation's citizens to donate any gold they owned, such as jewelry, to help alleviate the debt crisis. In a New Year's address, President-elect Kim Dae Jung warned of "many unimaginable hardships" facing South Korea in 1998.

Mr. Kim alluded to waves of bankruptcies and layoffs that will sweep the country this year.

One of the main sticking points now is labor. When South Korea's legislators passed a package of new laws last week aimed at easing restrictions on foreign investment in South Korean compa-

nies, a notable exception was any agreement on the scope and mechanics of laying off financial workers in Korean institutions that are put up for sale.

So while many cash-hungry South Korean companies suddenly look like bargains for foreign buyers, particularly with the steep drop in Korean currency and stock prices, the nation's notoriously militant labor force remains an obstacle.

One of the significant changes will allow foreign banks to open retail branches in South Korea this year. But it will likely be far more cost-effective to take over an existing bank that already operates a large number of branches than to open new branches. Bankers have said that a foreign takeover of a

South Korean bank could be in the form of a joint venture with a local conglomerate.

Separately, South Korean media reported fresh trade figures Friday, showing that the country posted a \$2.32 billion trade surplus in December. With the currency dropping so sharply, imports tumbled 24.7 percent, to \$10.24 billion, while exports increased 2.8 percent, to \$12.56 billion.

Overall, South Korea's exports increased 5.3 percent, to \$136.6 billion in 1997, while imports fell 3.8 percent, to \$144.6 billion, for a \$8 billion trade surplus, compared with a \$20.6 billion trade imbalance in 1996.

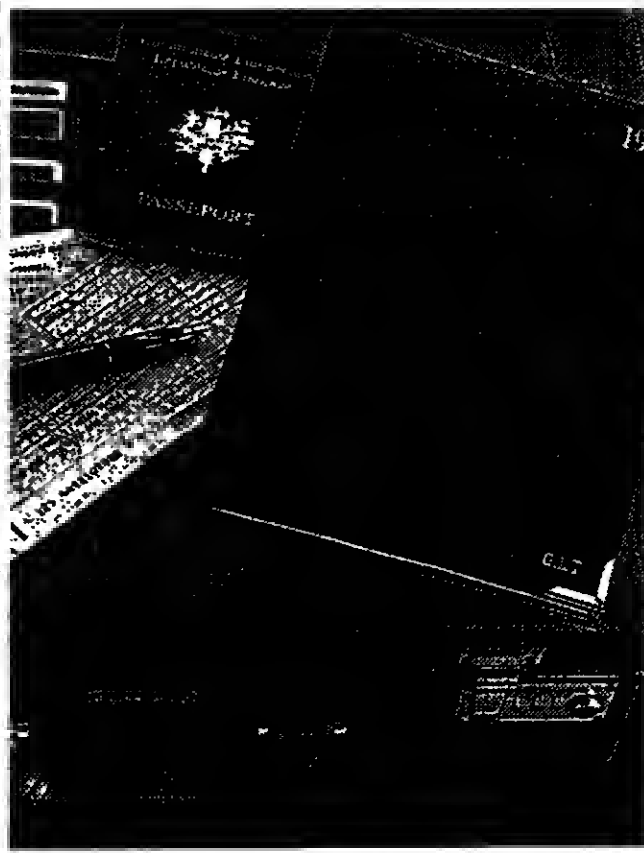
One of the few bright sides of South Korea's falling currency is the way it makes the country's exports so cheap overseas, while making imports much more expensive.

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The Associated Press.

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(Continued)

Stock	Div	Yld	PE	100% High	Low/Latest	Change
1898	Unif	1.72	24	874	2174	2174
1899	Unif	1.72	24	874	2174	2174
1900	Unif	1.72	24	874	2174	2174
1901	Unif	1.72	24	874	2174	2174
1902	Unif	1.72	24	874	2174	2174
1903	Unif	1.72	24	874	2174	2174
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1961	Unif	1.72	24	874	2174	217

Britain: Plan Is Not Government May Change Rules

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A Basket of Nest-Egg Strategies

Analysts Offer Plans for Investing in Your Retirement in 5 Countries

AROUND THE globe, citizens who once assumed that their governments would pay for a comfortable old age are now facing up to the harsh reality: Just as people reach the age at which they will be most in need of income, state-run pension plans are warning them that they will not be able to pick up the bills. It is increasingly clear that for at least a portion of their retirement income, many individuals will have to fend for themselves.

The message first got out in the United States, where the retirement crisis has been hammered home to Americans by the personal-finance media and, not surprisingly, by the mutual-fund companies, brokers and financial advisers who stand to benefit handsomely from it.

But the bad news is also starting to sink in elsewhere. In Germany, an underfunded state retirement system and cutbacks in company benefits, coupled with estimates that 28 percent of the population will be older than 65 by 2040, up from 16 percent now, make it painfully apparent that there will not be enough retirement

money to go around.

Britain's demographics are not quite as negative. But the government is already encouraging citizens to supplement state retirement payments by starting their own tax-advantaged investment portfolios.

In Latin America, once unstable economies are moving to widespread, private pensions, but much of the benefits will flow to those who are still young.

Governments are not going to drop out of the retirement picture entirely, however.

Moreover, many people also will benefit from company pension plans. But for many, especially those who are already in their 40s, the difference between a retirement that includes the luxury of travel and homes in warm climates and one in which the retirees merely get along, will depend on income generated by personal investments.

For those not fortunate enough to have a company pension, such investments could well be the primary source of income.

With that in mind, this issue of The

Money Report will look at strategies in various countries for investors who want to build nest eggs for retirement.

In order to provide specific advice, we assumed that the investors were 40 years old, had adequate insurance, residences and about \$50,000 available to invest for pension purposes.

We asked advisers in Argentina, Britain, Germany, Hong Kong and the United States to tailor programs for this profile, taking into account local tax laws and investor preferences.

Most of the advisers who we contacted were reluctant to recommend individual securities, suggesting instead that investors with what they considered to be relatively modest \$50,000 portfolios stick to mutual funds.

For investors everywhere, we also have provided worksheets and tables to help you get a handle on your own finances and goals.

The beginning of a new year is as good a time as any to evaluate your position and to see whether you are heading in the right financial direction.



Argentina: Overcoming Equity Jitters

Suggested Portfolio is a Mostly Global, 50-50 Mix of Stocks and Bonds

By Judith Rehak

RICARDO GOWLAND, the manager of the Prudential Securities office in Buenos Aires, said he was seeing expanded interest in saving for retirement among his clients. He just wishes they would buy stocks.

"But that's not our history," he said, noting that even though Argentina had experienced negative inflation for the past three years, investors remember years of financial instability and a small stock market dominated by short-term players. Together, this adds up to a generally bad experience with equities.

As a result, he said, "Argentine investors like to be in bonds, and you can't change their minds in two to three years."

So, realistically, Mr. Gowland's suggested \$50,000 portfolio of Luxembourg-domiciled, offshore funds is 50 percent devoted to bonds and 50 percent to equities.

He said that for an Argentinean, that was "already a very good diversification."

"You can't say suddenly, 'Now put 80 percent in stocks,'" he added.

Because Argentina's stock and bond markets are relatively small, Mr. Gowland's fund choices (run mostly by American money managers, since Prudential is an American company), are global.

The largest portion of his portfolio — 30 percent — is devoted to Prudential's

offshore global bond vehicle, the conservatively managed PRICOA Global Bond Fund.

The fund has returned about 6 percent annually over the last three years.

To boost those returns, Mr. Gowland allotted 10 percent each to the higher-yielding Scudder Emerging Markets Income Fund, returning roughly 20 percent a year over the same period, and the PRICOA U.S. High Yield Fund.

On the equity side, Mr. Gowland chose two global funds that concentrate on large companies, giving his biggest allocation — 15 percent — to Templeton Global Growth.

Templeton owns good-quality stocks, it's diversified in a lot of countries and it has a good track record," he said.

As a different approach to the same sector, he also took a 5 percent stake in Scudder Strategic Global Themes, which picks companies that stand to benefit from economic trends, such as corporate restructuring.

From there, Mr. Gowland narrowed his picks to regional vehicles, giving 5 percent to PRICOA's European Growth Fund, which focuses on medium-size and large companies in Europe's developed economies, and 10 percent to the PRICOA U.S. Emerging Growth Fund, which buys small- and medium-sized American companies.

Finally, he split a 10 percent stake between rival emerging-markets funds managed by Scudder and Templeton.

Although he sometimes suggests Asia funds, he is avoiding that part of the world right now because of the region's economic crisis.



"My clients would be too scared," he said.

International investors have reaped some handsome returns from Argentinean stocks, such as YPF SA, the country's oil conglomerate, and Telefonos de Argentina. But Mr. Gowland said a \$50,000 portfolio was too small to buy individual stocks. Instead, he chose to access his country's market through a diversified vehicle, Scudder's Latin America Fund, for the remaining 5 percent of the portfolio.

If his investor is wedded to bonds, he recommended an alternative, the well-managed, local Consulting Fund, which buys both stocks and bonds in Latin America.

Mr. Gowland said he expected this portfolio to return an average 8 percent a year, adding that there was no capital-gains tax in Argentina. He noted that the country's social security system was privatized three years ago, but that most Argentinean companies, with the exception of multinationals, do not offer retirement plans.

"Old people here have a bad time, and young people understand that," he added.

In his view, the biggest hurdle is changing the investor psychology that took hold during Argentina's long years of economic and financial instability.

"We are really trying to educate our clients to long-term investing," he said.

SUGGESTED PORTFOLIO: PRICOA Global Bond Fund, 30 percent; Scudder Emerging Markets Income Fund, 10 percent; PRICOA U.S. High Yield Fund, 10 percent; Scudder Strategic Global Themes Fund, 5 percent; Templeton Global Growth Fund, 15 percent; PRICOA European Growth Fund, 5 percent; Scudder Latin America Fund, 5 percent; Scudder Strategic Global Themes Fund, 5 percent; Templeton Emerging Markets Fund, 5 percent.

Britain: Plan Is New, Saving's the Same

Government May Change Rules, but Investment Possibilities Remain

By Conrad de Aenlle

SAVING MONEY in Britain just got more complicated, thanks to a government initiative intended to simplify it. A number of tax-advantaged savings and investment programs introduced over the last decade will be abolished in 1999 and replaced by the individual savings account.

It sounds sensible enough, except that the government has set a ceiling of £50,000 (\$82,500) for such contributions. That new measure could hurt hundreds of thousands of middle-class Britons who have squirreled away substantially more in personal-equity plans, known as PEPs, in which capital gains and dividends are not taxed, and tax-exempt special savings accounts, known as TESSAs, which accrue interest tax-free.

The plan has endured harsh criticism in the press. But it is unclear whether capital-gains tax will suddenly come due on personal-equity-plan balances exceeding £50,000 and at what cost basis the shares in those plans will carry at the 1999 transfer date.

Also unclear is whether the vilified ceiling will stand. The new Labour government lost considerable popular and moral authority upon the disclosure that the treasury minister who concocted the new individual savings accounts is a beneficiary of a multimillion-pound offshore trust. No ceiling for him.

Since PEPs and TESSAs were introduced, retirement planning in Britain has foremost concerned tax planning. This will remain true in the run-up to the introduction of the new savings accounts, despite the confusion.

Tax is especially important for The Money Report's hypothetical 40-year-old savers, because nearly half their annual salary — about £60,000 in Britain — is taxed at 40 percent. Any invest-

ment income is taxed at that rate, too, as are capital gains above £6,500 a year.

Duncan Fry, a director at the London stockbrokerage Quilter & Co., encouraged such investors to place as much money as possible in PEPs and TESSAs before the deadline, then roll it over into an individual savings account when the time comes.

But that should only be done, he said, after the investor makes the maximum allowable contribution to a pension plan, which is about 15 percent of salary. Because such contributions are made with before-tax pounds, a taxpayer in the marginal 40 percent bracket could put £10,000 to work in a pension account while cutting take-home pay by only £6,000.

An added benefit is that upon retirement, the 25 percent of a pension that can be taken as a tax-free lump sum (the rest must be rolled over into an annuity) can be used to clear any mortgage balance.

MR. FRY'S recommendations are based on the assumption that the investor is a married homeowner, who has two children and whose spouse is not employed outside of the home. His goal is to retire at the age of 60.

Having a spouse who does not have outside income would make a £50,000 individual-savings-account ceiling non-problematic for this investor. Mr. Fry noted that husbands and wives are taxed separately under British law. Income and gains on any assets transferred into the wife's name would be taxed at much lower rates — zero, in fact, on at least the first £4,000. Also, each spouse can benefit from the £6,500 capital-gain exemption.

Mr. Fry stressed that through these many tax-friendly savings devices, the investor's goals can be reached without

the outsized returns in the markets experienced in the last three years.

"With good advice and careful management of their money, with 20 years to retirement there is no reason why this man cannot achieve his long-term financial objectives," he said.

"Remember, 7 percent growth for 10 years all but doubles your money," Mr. Fry added.

The best way to achieve it depends on specific needs. For instance, he said, if money will be required at a certain date, say to pay children's education costs, zero-dividend preference shares are attractive. These are mutual-fund shares with an anticipated value at a target date when the fund is to be wound up. Like zero-coupon bonds, the shares trade at a discount to that value and pay no income. By holding zeroes, the investor can count on receiving a lump sum when needed, unless the value of the fund's holdings plunges.

Such idiosyncratic needs aside, Mr. Fry recommended that the investor place the £30,000 lump sum, minus any cash committed to a Tessa, plus monthly savings into an assortment of funds diversified by investment objective. He noted that many fund companies have personal-portfolio-management services that provide such diversification. He cited Quilter's Maximum Growth Portfolio as an example.

As the investor's wealth grows, Mr. Fry added, he will become eligible for even more individualized forms of management by brokers and fund companies. Thus, he can have his asset allocation further tailored to his needs and wants.

QUILTER & CO.'s Maximum Growth Portfolio (all funds are open-ended unit trusts, except those marked *), which are closed-end investment trusts that trade on the London Stock Exchange: Schroder U.K. European, 20 percent; Mercury Recovery, 20 percent; Schroder U.S. Smaller Companies, 11 percent; Scottish Widows European, 10 percent; Fidelity South East Asia, 10 percent; Hill Samuel U.K. Emerging Companies, 8 percent; Schroder Japan Growth, 6 percent; Schroder Japan Growth, 6 percent; Schroder Japan Growth, 6 percent.



I. Where You Are Now

Assets	
Cash and equivalents	
Checking accounts and money-market funds	
Savings accounts	
Cash value of life insurance	
Investments	
Stocks	
Bonds	
Mutual Funds	
Equity interest in a business	
Company retirement plan	
Individual retirement plan	
Government pension plan	
Profit sharing	
Loans owed to you	
Real estate (estimated current market value)	
Residence	
Vacation or second home	
Other properties	
Personal property (estimated current market value)	
Household furnishings	
Car	
Jewelry, furs	
Antiques, art, collections, etc.	
TOTAL ASSETS	
Liabilities	
Credit card balances	
Charge account balances	
Utilities	
Auto loans	
Mortgage on primary residence	
Mortgage on vacation property	
Personal loans	
Life insurance loans	
Other	
TOTAL LIABILITIES	
NET WORTH	

II. Income

Salary	
Rental income	
Other	
Total Income	
Expenses	
Mortgage or rent	
Income taxes	
Social charges	
Alimony, child support	
Installment and credit card payments	
Insurance premiums: Auto	
Homeowners	
Life	
Health	
Legal and accountants fees	
Food	
Utilities: Power	
Telephone	
Water and sewer	
Other	
Home maintenance & furnishings	
Automobiles: Gas & oil	
Repairs & maintenance	
Other transportation	
Pocket money	
Clothing/cleaning and laundry	
Personal care	
Medical and dental bills	
Educational expenses	
Entertainment, recreation, gifts	
Charitable contributions	
Subscriptions	
Miscellaneous	
Other	
Total Expenses	

How to Use the Tables

WELL, THAT was an interesting year. Investors in Europe and the Americas saw some startling returns on their stock investments in 1997, while bond portfolios also did well. Most investors holding Asian securities had diametrically opposed experiences.

The obvious lesson is that it pays to diversify your portfolio. Perhaps less obvious, but equally important, is that you have to plan your investments.

Financial planners can help, as can some of the computer programs on the market. But you can get a rough idea of where you stand and where you are going by filling out the forms on this page and using the tables on page 16. The forms are adapted for international investors from standard financial-planning aids, and the tables were calculated by Tibboon Associates of Chicago.

We have excluded taxes from many of the calculations because they vary widely from country to country and among individuals. To the return tables, it is assumed that you reinvest all dividends, interest payments and capital gains, so if your gains are subject to taxes, allow for them in Table II.

As is evident from the 1997 performance of the financial markets, nobody can tell you what kind of returns your investments will provide in any given year.

Yet based on long-term results in the United States, extremely conservative investors who hold mostly cash and highly rated short-term bonds can expect a 4 percent annual return over time, while an equal weighting of stocks and bonds might provide 8 percent, and investors concentrating on equities only might hope for 12 percent a year.

SOWTH with those ground rules in mind, it is time to start tackling the forms.

1. Table I will show you your net worth, but its main goal is to identify how much money you have available to invest. You have to pick a single currency to do the calculations. If you have holdings in more than one country, you can use the foreign-exchange table on the first page of the daily Business/Finance section to convert them into your main currency.

Ideally, when you add up your assets and liabilities you will come out with a positive net worth. If not, remember to include the monthly debt-service costs with your expenses. If you

have a positive net worth but also owe money, you might want to consider liquidating some of your holdings to pay off your loans.

2. Now move to Table II. You might have to convert some of the items, such as salary and taxes, to a monthly amount on an annual basis. To calculate the monthly income-tax bite, try taking the taxes you paid in 1996 or 1997, divide by 12 and increase that result by whatever percentage rise you expect in your salary for 1998 plus one or two percentage points because the new money will be in the highest bracket to which you are subject. Additionally, if much of your investing is in taxable vehicles, you should add one or two more percentage points to account for increased income as your assets grow, although some countries give breaks on a portion of such gains.

The difference between your income and expenses is the amount you have available to invest. If you came up with a negative number you have a problem: You are spending more than you are making. Unless you have a high net worth or are expecting a big raise or a financial windfall, you will have to consider ways to trim your expenses.

3. On a brighter note, you can begin Table III by dreaming a little. Write down prices for all the things you would like to buy in the coming years. Use the current prices for these things in your primary currency, adjusted for inflation with the multipliers in Table IV.

4. Now that you know what everything you want costs, see if you can afford it. First, look at each goal. For example, if you have money saved in a stock mutual fund and you want to buy a vacation home in 10 years, you can expect the value of your investment roughly to triple over that period.

If you do not have enough assets to finance all of your goals, you might consider shifting to more aggressive investments, especially for the long term. Note that a 10-year investment that grows at 8 percent doubles, while a 12 percent return would make it triple.

5. Unless you are already well-to-do or have

modest goals, you will probably find that your current means are insufficient. This is where savings come in. Using table VI, figure out how much you need to save each month.

The numbers in the table show how much you need to put aside each month at various interest rates to have a thousand units of whatever your currency is at the end of each of the periods.

As in the previous table, you can see that as returns increase and investment periods lengthen, it gets easier to save. If you need £10,000 and you have only one year to accrue it, you will have to put aside about £216 a month in a 4 percent bank account. If you can wait five years and put your money into something more aggressive, such as a balanced mutual fund, that falls to £136.

6. When you have calculated what you need to save for each of your goals, add the numbers up and compare this sum with what you have available to save each month.

If you are saving as much — or more — than you need, congratulations. If not, you have three choices, which you can juggle by revising the numbers in Tables II and III:

• Scale back your expectations. Figure on a smaller retirement home or put off buying a car for a few years.

• Increase your income. Take another job or a higher paying one or work extra hours. You can also try to shift to more aggressive investments, but that is mainly a long-term strategy. If you had taken your money out of a 4 percent bank account a year ago and put it in Thai stocks hoping for double-digit returns, you would have lost on the order of half of your investment.

• Trim your expenses. Go out less often or skip a vacation. Especially if you are in your 20s or 30s, saving just a little each month can make a big difference later on.

7. To illustrate this last point, we provide you with Table VII: How to save a million dollars to retire at 65. It is difficult to say how much you need for a really comfortable retirement, but it seems likely that \$1 million would be enough for most people, especially if they have some pension income. At an 8 percent annual return, a person who starts saving at 25 needs to put away less than \$300 a month. Wait until 40 to start saving, and that rises to more than \$1,000.

III. Specific Financial Goals

Goals	Short term (1 year)	Medium term (5 yrs.)	Long term (10 yrs.)	Longest term (30 yrs.)
Education expenses				
Debt reduction				
Buy a house				
Make home improvements				
Buy a car				
Any other large purchases (e.g. boat, plane, art)				
Take a dream vacation				
Buy a vacation home				
Retirement/Financial independence				
Have children				
Increase level of charitable giving				
Buy a retirement home				
Provide for survivor in event of my death				
Start a business				
Other				
Other				
Totals				

THE MONEY REPORT

Getting Whipped in the Best of Times: Few Funds Can Beat the Indexes

SPRINTING TO THE wire, U.S. stocks have just completed their best three-year stretch in modern history. The Standard & Poor's 500-Stock Index, the standard measure of the broad market, has returned an annual average of 31.2 percent since Jan. 1, 1995, according to Lipper Analytical Services. That eclipses the record set from 1926 to 1928—an ominous set of dates.

In other words, if you had invested \$100 in the stocks of the index three years ago, you would have \$226 today, including the fruits of your reinvested dividends.

That is the good news. The bad news is that if you had invested \$100 in the average diversified U.S.-stock mutual fund during that same period, you would have \$194 today—or 14 percent less.

Even worse, the chances that you could pick a mutual fund that would perform as well as the stock index were roughly the same as a 15-to-1 shot winning the third race at Longchamps.

I asked the researchers at Lipper to find out how many diversified U.S.

stock funds beat the S&P over this record-setting three-year period. The answer: just 6 percent of the 1,573 funds studied.

I also asked for the names of the best of those funds—and I'll get to them later, along with suggestions on how to find such winners for the future. But, first, let's look at the miserable record of mutual-fund managers against the indexes.

The S&P 500 has beaten the majority of funds in 10 of the past 14 years, including the last four in a row. It's true that this index, which roughly comprises the stocks of America's 500 largest companies, outstripped the Dow by a surprising nine percentage points in 1997. But the Dow beat the S&P by six points in 1996, and the indexes finished in a dead heat in 1995. (All of these figures, which I derived from Bloomberg Business News, assume that dividends are reinvested in the stocks of the index.)

Since 1995, the average fund has returned 24.5 percent annually. That is seven percentage points less than the S&P 500, six points less than the Dow

Jones industrial average, four points less than the S&P 1500 Snpcomposite (which reflects nearly the entire market) and five points less than the NASDAQ Composite, which emphasizes high-tech stocks.

Over time, a few points can make a huge difference. In 10 years, an original investment of \$1,000 that returns 31.2 percent annually will become \$15,113. But, at 24.5 percent, \$10,000 becomes

just \$8,947, or two-fifths less.

Why are so many funds regularly whipped by the market averages? One reason is that a fund's return is diminished by the expenses and fees it charges to shareholders—usually between one and two percentage points a year. But, alone, that can't explain the seven-point gap between the typical fund and the S&P.

A simpler answer is that fund managers often make bad investments. They play the momentum game, trying to jump on hot stocks as they rise and jump

off them as they fall. That rarely works, as academic studies have shown.

Also, some funds have become so huge that their managers believe they have to own hundreds of stocks, so they won't disturb the prices getting in or out. How can they keep track?

One easy way to avoid funds that will be clobbered by the indexes is to invest in the indexes themselves. You can buy one of the many funds that mimic the

and use that knowledge to buy individual stocks.

One way to find good funds is to look at those with good records for the past three years or more. A list of such U.S.-based funds appears below.

Some themes emerge. These winning funds have low turnover; managers hold on to their stocks much longer than the average. White Oak, for instance, bought and sold just 8 percent of the shares in its portfolio last year, compared with nearly 100 percent for the typical fund.

Also, many of the winners have highly concentrated portfolios. The top nine holdings account for more than 50 percent of the Weitz fund's assets. At last report, Torrey had 19 percent of its assets in just three stocks: Electronic Data Systems Inc., AT&T Corp. and SLM Holding Corp., parent of the Student Loan Marketing Association. Rydex OTC has more than a third of its money in Microsoft Corp. and Intel Corp.

The majority of the funds are headquartered far from Wall Street, where money managers tend to talk to themselves. Four are in Maryland, one

is in Ohio and one is in Nebraska.

Finally, the winning funds are run according to a disciplined investing philosophy. Legg Mason and Dreyfus stick to bargain stocks; Rydex Nova selects from a small universe of stocks on the NASDAQ 100 index; Torrey is a master of large-cap value.

Washington Post Service

Lipper Analytical's list of top-performing U.S. general equity funds since 1995, with average annual returns and phone numbers:

• LEGG MASON VALUE TRUST, 40.0 percent. Call 1 410 539 0000, or toll-free in the United States, 1 800 822 5544.

• RYDEX NOVA, 39.7 percent. Call 1 801 466 8520, or toll-free in the United States, 1 800 820 0888.

• TORREY, 38.6 percent. Call 1 301 493 4000.

• WEITZ HICKORY, 37.7 percent. Call 1 402 391 1989, or toll-free in the United States, 1 800 332 4161.

• MAS MIDCAP VALUE, 37.2 percent. Call 1 610 940 5000, or toll-free in the United States, 1 800 354 8185.

• RYDEX OTC, 36.5 percent. Call 1 301 466 8520, or toll-free in the United States, 1 800 820 0888.

• BACON GROWTH & INCOME, 36.3 percent. Call 1 212 583 2000, or toll-free in the United States, 1 800 992 2700.

• WHITE OAK GROWTH, 36.0 percent. Call 1 330 668 1234.

• KEMPER-DREYFUS HIGH-RETURN, 35.6 percent. Call 1 312 781 1121, or toll-free in the United States, 1 800 631 1048.

IV. Inflation

Multiply the price or your intended purchase by the appropriate number

Years	2%	4%	8%	10%
1	1.020	1.040	1.080	1.100
5	1.104	1.217	1.469	1.611
10	1.219	1.480	2.458	2.594
30	1.611	3.243	10.063	17.449

V. Growth

Multiply your current savings by the appropriate number to see how much they will grow over time

Investment Rate	1	5	10	30
4%	1.040	1.217	1.469	3.243
8%	1.080	1.469	2.458	10.063
12%	1.120	1.762	3.106	29.960

VI. Savings

Savings per month needed to have 1,000 units of your currency

Investment Rate	1	5	10	30
4%	15.06	8.79	5.52	1.45
8%	13.62	7.52	4.76	0.71
12%	12.33	6.46	4.06	0.32

Germany: For the East, a Stock-Minded Portfolio

By Barbara Wall

WHILE INVESTORS in Western Germany generally prefer bonds to stocks for long-term investment planning, the opposite rule applies in the East, where equities tend to outshine fixed-income vehicles, according to local investment advisers.

Heinz Klotzner, managing director of FMK Fond Centre in the Eastern city of Chemnitz, has been advising East German clients on investment matters since 1991. He suggested that because East German investors had been denied access to international equity markets until relatively recently, they were keen to make up for lost ground.

Asked to design a portfolio of investments for a typical 40-year-old East German client with \$50,000 to invest for retirement, Mr. Klotzner re-

commended four internationally oriented mutual funds. He suggested that the first \$15,000 be invested in the Fidelity Portfolio Selector DM Growth fund and \$10,000 in the Fidelity DM series European Growth fund.

"Both funds were chosen to take advantage of Fidelity's expertise in international stock selection," he said. "I particularly wanted the client to have exposure to European growth stocks because of the many benefits that European economic monetary union is likely to bring to local companies."

Continuing with the international theme, he suggested that \$15,000 be invested in the Davis Value Fund, which focuses on U.S. stocks.

"It is always good investment practice to have some exposure to the U.S. stock market," he said. "The prospects for American growth stocks are suf-

ficiently promising to warrant investing a sizable chunk of the portfolio in this area. The Davis Value Fund is one of the best U.S. equity growth funds around. We like it so much that we have invested \$700 million into the fund so far."

Finally, Mr. Klotzner recommended that \$10,000 be invested in the Metzler MI Privat Fond Worldwide, which is run by Metzler Bank in Frankfurt. The fund is 50 percent invested in the United States, 15 percent in Germany, 5 percent in Britain, 5 percent in France and the remaining 10 percent in other developed markets.

"Metzler Bank is over 300 years old and has a terrific reputation in Germany for portfolio management, but the style and track record of the fund manager, Klaus Hagerdorn, is the main reason why I chose this particular international

fund," Mr. Klotzner said. "Hagerdorn has a unique strategy for defining and selecting growth stocks. While I do not know all the details of his strategy, it certainly seems to be getting results."

Since the fund was started five years ago, it has achieved an average annual return of 16.5 percent. Mr. Klotzner said that this was an excellent result given that the fund exhibited little volatility.

"One aim of an investment adviser, though not the most important one, is to limit, where practicable, a client's exposure to tax," he said. "German-domiciled funds that are held for more than six months are only taxed on dividends and accrued interest above a certain threshold, currently 6,100 DM [\$3,425]. As there are no dividends from the client's investment portfolio, there will be no tax hit."

SUGGESTED PORTFOLIO: Fidelity Portfolio Selector DM Growth, 30 percent; Davis Value Fund, 30 percent; Fidelity DM series European Growth fund, 20 percent; Metzler MI Privat Fond Worldwide, 20 percent.

VII. \$1 Million for Retirement

Monthly contributions at these rates:

Age	12% annual return	8% annual return	4% annual return
20	\$190	\$662	\$1,094
25	\$286	\$846	\$1,345
30	\$436	\$1,094	\$1,698
35	\$671	\$1,345	\$2,051
40	\$1,052	\$1,698	\$2,404
45	\$1,698	\$2,404	\$3,051
50	\$2,404	\$3,051	\$3,704
55	\$3,051	\$3,704	\$4,357
60	\$3,704	\$4,357	\$5,010

International Herald Tribune

Hong Kong: Thick With Ex-Colony's Equities, a Blend Made for Risk-Takers

By Ann Brocklehurst

HONG KONG investors pride themselves on taking risks, and their typical portfolios are more heavily weighted in equities than are those of investors outside of Asia.

"In this part of the world, because of the very high inflation, people have to have a much higher weighting in equities in order to outperform," said John Cheung, managing director for private plans at HSBC Asset Management. "In some instances, the equity weighting can be higher than 80 percent."

With annual inflation of about 6.5 percent, Mr. Cheung would counsel the hypothetical 40-year-old planning for

retirement to stick what he considers a relatively conservative 68 percent of the \$50,000 in stocks, 22 percent in bonds and 10 percent in cash.

Of the money invested in equities, he would allocate almost half to Hong Kong and Southeast Asia.

He recommends putting \$12,500 into Hong Kong stocks to minimize currency risks and \$4,000 into Asian markets such as Australia, Singapore and Taiwan.

He would avoid Indonesia, the Philippines and Thailand.

Despite the recent collapse of the Hong Kong market, Mr. Cheung remains bullish about the territory because he sees it benefiting strongly from Chinese economic growth of about 9 percent a year.

"We're expecting interest rates in

China to come down further and economic growth to pick up again," he said. "And Hong Kong will continue to be the best place to attract foreign funds investing in China."

Mr. Cheung recommends investing the balance of the money allocated to equities to a diversified group of more mature markets with \$5,000 in the United States, \$4,500 in Japan and \$8,000 in Europe.

He suggests using mutual funds as the investment vehicle and would buy country funds, which try to beat the relevant indexes and purchase mainly blue-chip stocks.

As for his \$11,000 bond portfolio, the bulk would be in Hong Kong and U.S. dollar instruments. Although there was

speculation during the collapse of the Hong Kong stock market that the local currency's link to the U.S. dollar might not be retained, Mr. Cheung is optimistic that it will be.

Finally, Mr. Cheung would advise the investor to keep the \$5,000 in cash in Hong Kong dollars.

Mr. Cheung said he thought property, renowned in Hong Kong for its boom-and-bust cycles, is an interesting investment prospect following the recent correction, which has seen a fall in residential prices of up to 20 percent since October.

"Historically, property goes up in line with inflation," he said. "Secondly, there's still a short supply, and, thirdly, because of economic

growth, people want to improve their living standard."

He noted that real-estate values had almost doubled since 1995 and rose 20 percent in the first six months of 1997 during the pre-handover euphoria.

Reasonably new apartments in the Mid-Levels and Kowloon areas are now valued at approximately \$1,000 per square foot (930 square centimeters), while in the New Territories they sell for \$750 per square foot.

Investors who bought apartments a few years ago will obviously have benefited from the sharp increase in value, but with only \$50,000 to spend now, there are unlikely to be other suitable investments in the current market.

"In some countries, \$50,000 may be quite a lot," he said, "but in this part of

the world, especially in Hong Kong, the sum is quite small if he wants to invest in property."

According to Mr. Cheung, our average investor has little choice but to opt for stocks, sit tight and live up to the reputation as a risk taker.

"He's only 40 years old and he'll probably have to work for another 20 years," he said. "He can afford to ride out all the ups and downs."

He added, "Maybe for the first half of 98, the situation's still a little bit bleak, but I think longer term Asia is still the high-growth area coming into the next decade."

SUGGESTED ALLOCATIONS: Hong Kong stocks, 25 percent; European stocks, 10 percent; U.S. stocks, 10 percent; Japanese stocks, 9 percent; other Pacific markets (including Indonesia, the Philippines and Thailand), 8 percent; U.S. and Hong Kong dollar-denominated bonds, 22 percent; Hong Kong dollar short-term deposits, 10 percent.

United States: Long-Term Retirement Vehicles in the 'Middle of the Road'

By Judith Rehak

MUTUAL FUNDS are one of the most popular ways for Americans to save for retirement. At the end of 1996, an astonishing \$1.24 trillion, or 35 percent of total fund assets of \$3.5 trillion, were in some form of retirement vehicle, according to the Investment Company Institute. That was a leap of 25 percent from 1993, with roughly a third from new cash flow.

To build a retirement nest egg using funds, Sheldon Jacobs, a financial adviser based in Irvington-on-Hudson, New York, who edits a newsletter, The No-Load Fund Advisor, suggested a portfolio of seven vehicles that are

"middle of the road" in risk, but that he said would return an average 15 percent annually over time.

First, Mr. Jacobs' \$50,000 portfolio is all stocks. How does he justify his approach?

"Equities have the greatest long-term potential," he said. "The great bull market in bonds is behind us. Gold and other commodities aren't doing so well, and don't do well except in times of higher inflation. I don't see much of that ahead in the next decade."

The anchor of his portfolio is a hefty 40 percent stake in the Vanguard Total Stock Market Index, which replicates the Wilshire 5000 index of large, medium and small companies. As an index fund, it is a low-cost (its annual expense is a rock-bottom 0.22 percentage point),

tax-efficient core because of low turnover, to be surrounded with smaller stakes in other funds.

Mr. Jacobs next allocated 10 percent apiece to two funds run by managers with stellar track records as stock-pickers, Ron Baron of the Baron Growth & Income Fund and Andrew Pilara of the Robertson Stephens Partners Fund.

"Ron Baron is a premiere stock picker, and Pilara is a conservative guy who doesn't buy high-tech or high-expectation stocks," he said.

Mr. Jacobs also took a 15 percent stake in the T. Rowe Price Equity Income Fund, which he called "conservative and well-managed." He noted

that another advantage of stock funds that also produce income is that they do not track the market so closely.

Mr. Jacobs shuns sector funds, which concentrate on specific industries or themes, such as technology or small companies.

"They're too volatile, and their performance is too inconsistent," he said. "I'd rather be sector-neutral and let the manager do the picking."

Like many financial advisers in the United States, he also thinks retirement-savers should look overseas.

"Anytime you restrict your universe, you restrict your potential," he added. Accordingly, he allocated 25 percent of his portfolio to three funds with widely varying approaches. He put 10

percent in the L. Roy Papp America Abroad Fund, whose manager, a former U.S. representative to the Asian Development Bank, buys only American multinational companies. Its holdings are not "run-of-the-mill stocks," Mr. Jacobs said, citing holdings such as Viking Office Products Inc. and Service Corp., a funeral-home operator.

Another 10 percent went to the T. Rowe Price European Fund, which seeks out undervalued companies in Western Europe.

For the volatile emerging markets, the Montgomery Emerging Markets Fund was Mr. Jacobs' choice, garnering 5 percent, his smallest allocation. He likes the way the fund spreads risk among 30 to 40 markets, allowing the manager to move at will in an arena that

is rife with danger as well as opportunities.

"Emerging markets are beaten down now," he acknowledged, "but if you're a 40-year-old, you have to be there for the long term."

By Mr. Jacobs' calculations, if you start this portfolio today, \$50,000, at 15 percent annual average appreciation, will grow to \$406,855 in 15 years—even if you never add another dime.

But if you plan to add more cash each year, how much would he advise? "Put in all you can," Mr. Jacobs said. "Just dump it in. Save for your old age."

SUGGESTED PORTFOLIO: Vanguard Total Market Index Fund, 40 percent; T. Rowe Price Equity Income Fund, 15 percent; Robertson Stephens Partners Fund, 10 percent; Baron Growth & Income Fund, 10 percent; L. Roy Papp America Abroad Fund, 10 percent; T. Rowe Price European Fund, 10 percent; Montgomery Emerging Markets Fund, 5 percent.

With a Fixed-Income Niche, a Pair of Davids Challenge Fund-Industry Goliaths

By Robert Hurtado

AT A TIME WHEN big Wall Street houses are acquiring smaller rivals to build the critical mass that they believe is needed to compete, two highly regarded managers are following the David model, not the Goliath one.

In August 1996, two months after Merrill Lynch acquired Hotchkis & Wiley, Tad Rivelle and Laird Landmann, co-directors of fixed income at Hotchkis, left to form Metropolitan West Asset Management in Los Angeles. Their philosophy is that niche providers of

investment management services can better serve clients than megamanagers can. Their clients seem to agree.

They are now managing \$1.8 billion for institutional clients including the Mayo Foundation; Keyspan Energy Corp., the holding company for Brooklyn Union Gas; and Rhone-Poulenc Rorer, the U.S. affiliate of the French chemicals company. This flies in the face of a recent prediction by Goldman, Sachs & Co. that 20 or so companies, each with more than \$150 billion of assets, would dominate the money-management industry by the end of the century.

Moreover, at the end of March, Metropolitan West established two no-load, fixed-income mu-

tual funds: the Low Duration fund, which invests in short-term securities, and the Total Return fund, which holds longer-term securities. They have attracted nearly \$100 million in assets, even though they are too new to be rated by Morningstar Inc., the fund-tracking firm. But no wonder. The two men managed stellar funds at Hotchkis, and their new funds are now outperforming both the Hotchkis funds and the indexes. Both funds invest in a variety of debt securities, including Treasury bonds, investment-grade corporates, money-market instruments and asset-backed securities.

As of Tuesday, the Total Return fund, net of fees, was yielding 11.7 percent, compared with

10.1 percent for the similar Hotchkis fund and 10.0 percent for the Lehman Brothers Aggregate Bond Index, while the Low Duration fund was yielding 6.2 percent, compared with 6.3 percent for the similar Hotchkis fund and 5.8 percent for the Merrill Lynch 1- to 3-Year Treasury Index.

Alice Lowenstein, fixed-income editor at the newsletter Morningstar Mutual Funds, said she would recommend the funds because the managers concentrated on strategies that add value to a bond fund, like buying undervalued securities or focusing on the less-expensive areas of the fixed-income market. They also minimize bets on interest rates, which can avoid the potential for a big misstep.

Mr. Landmann said another strategy the company uses is to buy all kinds of bonds, including corporate issues and mortgage-backed securities. In 1994, when the bond market had one of its worst years ever, no fixed-income mutual fund did better than Mr. Rivelle. His Low Duration fund at Hotchkis was the No. 1 U.S. performer, rising 5.18 percent when competing funds were down an average of 3.3 percent.

This record was one of the factors that made Hotchkis attractive to Merrill. Although the two new Metropolitan funds, of course, are not clones of the Hotchkis portfolios, they have similar investment styles.

New York Times Service

BRIEFCASE

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THE MONEY REPORT

BRIEFCASE

Fund Managers Didn't Flee Japan

Where have American mutual-fund managers who shop the world for their stock picks been placing their biggest bets? In its year-end review, Lipper Analytical Services, the fund-data providers, came up with some unexpected findings.

One of the most surprising revelations, said A. Michael Lipper, president of the company, was that financially embattled Japan accounted for a 15 percent allocation, the second-largest after the United States.

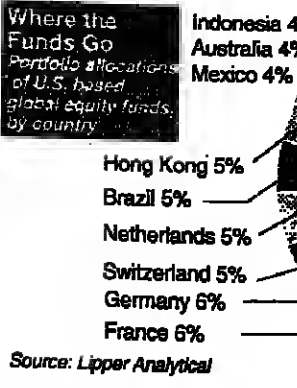
Why? He suggested that many global portfolio managers in the United States were accustomed to running separate accounts for big American pension funds, who often follow the benchmark EAFE (Europe America Far East) index, in which Japan has a 27 percent weighting.

"The same thinking carries over to the mutual funds," he said.

While Britain, with a healthy 11 percent allocation, seemed reasonable, Mr. Lipper puzzled over the 6 percent stake in France.

"There has never been much reason to be there," he said.

Even more questionable, in his view, was the fact that



Source: Lipper Analytical

Germany got the same weighting.

Mr. Lipper had kind words for the Netherlands, which received 5 percent in the average global portfolio.

"It's always deceptive, and it's one of the cheapest markets in Europe now," he said.

He held out some hope for beleaguered Japan investors, predicting that the seemingly endless decline in its stock market could herald a "surprising" rally in 1998.

In any case, Lipper Analytical's performance figures for American-run global funds show that there were few hiding places from the recent turmoil in world markets.

Things still looked good at the end of September, when they were up an average 19.98 percent for the year.

But by Dec. 24th, they had succumbed, slumping to only 11.01 percent. (IHT)

WEBS Run Circles Around Funds

Global investors who prefer to focus on a single country might want to consider World Equity Benchmark Shares, index-linked funds that seek to match the price performance of Morgan Stanley Capital Index for 17 countries.

According to a report from Salomon Smith Barney, WEBS, which were introduced in March 1996, are proving to be an efficient, low-cost way of investing in a portfolio of equities of a single country, especially when contrasted with closed-end, single-country funds, which try to beat the performance of their benchmark by active stock selection.

U.S. securities regulations bar WEBS from precisely replicating an index. Nevertheless, the analysis of the report's authors, Michael Porter

and Ruth Fishbein, shows that they are quite close to their benchmark indexes.

More important, their research revealed that WEBS share prices reflect 90 percent of the market value of the stocks they own.

That contrasts sharply with prices of single-country closed-end funds, which often trade at discounts and sometimes premiums to the market value of their holdings and are burdened with high expenses.

Of 13 WEBS that have corresponding country funds, the discount or premium to net asset value was 0.75 percent at the end of November, while the average for the related country fund was 18 percent. With WEBS, "you get what you pay for," the analysts concluded.

WEBS for the 17 countries, from Switzerland and Belgium to Mexico and Hong Kong, are traded on the American Stock Exchange.

The analysts went bottom-fishing in Asia for two of their top picks in 1998, Malaysia (EWM) and Singapore (EWS), currently trading from 45 to 70 percent below their 52-week highs.

In Europe, they like Austria (EWO) and Italy (EWI).

Emerging-markets fans who remain undaunted, take note: "More WEBS are on the way in the coming year, especially for emerging Asia," Ms. Fishbein said. (IHT)

Some Plays for '98 in Eastern Europe

About the only thing Czech stock pickers can agree on is that the local market has hit rock bottom. Scandals, corruption, delays in creating an effective supervisory body and the weakening of the Czech economy have chased almost everyone out of the market.

Albert Oesterreicher of the Oesterreicher & Co. brokerage said the appointment of the central-bank governor, Josef Tosovsky, as the next prime minister is a signal that desperately needed bank privatization will go ahead.

Therefore, he suggested that investors look to Czech bank stocks, including Ceska Sportelna, Komerční Banka and Obchodní Banka. The main telephone company, SPZ Telecom AS, should also rise.

"Down?" asked Mr. Oesterreicher. "At the present time, everything is down, so we don't really see any downsiding in any specific industry."

The chief equities analyst at ING Barings in Prague, Vojtech Kraus, said that even though prices were depressed, he did not expect the market to rise, "at least not significantly." The pharmaceuticals-maker Galena AS, which has substantial exports, could do well because of a steadily falling koruna and its

own geoeconomic version of an antibiotic that helps the body overcome rejection in transplant operations. But it can only be sold where the market leader, Sandoz AG, has no sales of its own patented version.

Mr. Kraus said he also likes Telecom for earnings growth, as demand and fees from mobile phone interconnections rise. But he said the country's troubled banks would not do well next year.

At Wood & Co. in Prague, Martin Nejedlik said the country's notoriously opaque investment funds could close their huge gaps if a new law on open-ended poor-performing funds takes effect. Banks, he said, would remain flat, but utilities like Telecom and the power company CEZ AS should move up.

"In the case of blue chips, the corrections this year have been so huge, that it's very hard to imagine they could fall further, but the valuations are quite low," he said. In Hungary, Peter Karli at Wood & Co. said that because the market there was fully valued, there were no easy bargains. Instead, he likes blue chips with expanding markets: The telecommunications company Matav Rt. just introduced a new stock issue, including American depositary receipts on the New York Stock Exchange. Gedeon Richter Rt., a pharmaceuticals company that exports 70 percent of its production to Poland and the former Soviet

Union is also a comer.

"There's very huge growth in the Soviet market and Richter has good access to the region," he said. (IHT)

Crude-Oil Futures Refuel Portfolios

If your stock portfolio is sluggish and not running smoothly, you may be low on fuel.

Daniel Nash, a derivatives specialist at Morgan Stanley, Dean Witter, Discover & Co., has found that putting a percentage of the assets of a U.S. equity portfolio into crude-oil futures lowers the portfolio's volatility and increases returns.

Since 1983, the Standard & Poor's 500 index of U.S. blue chips has risen by 13 percent per year. That return would have increased to 13.6 percent if 20 percent of a portfolio that mimics the index had been used to buy oil futures. Smaller percentages in oil would have boosted returns by smaller amounts.

The pattern for volatility was more complex: Increasing the percentage in oil cut volatility, but only until oil constituted 15 percent of the portfolio. Then volatility was about 10 percent lower than for a portfolio with no oil, but volatility — a measure of risk — began to increase as more money was put in oil futures. Why would crude-oil futures enhance a stock portfolio? "The argument is that

events that correspond to high commodity prices — inflation or conflict — often correspond to poor performance in financial assets," Mr. Nash said. "The commodity that seems to reflect this most is crude oil, since it is the one commodity that underlies most of our economy." (IHT)

Safe Malaysia Bet: Gambling Stocks

By Malaysian standards, 1998 is supposed to be a lucky year. Both eight and nine are considered fortuitous numbers, especially by the country's Chinese community.

But it does not take investing genius to see that things are not working out the way the numerologists planned.

With the Malaysian economy forecast to grow at about 3 percent next year, some stock analysts are placing their bets on gambling stocks. The logic: No matter what happens to the overall economy, there will always be people eager to hit the poker tables.

Alan Dragovic, an analyst with SBC Warburg Dillon Read, recommends three "recession proof" Malaysian gaming companies: Berjaya Sports Toto Bhd., Resorts World Bhd. and Tanjong PLC. But Mr. Dragovic said investors should be cautious. Magnum Corp., which caters to high-end gamblers, will be most susceptible to an economic downturn and thus might be a lousy bet. (IHT)

An Asian Manager Who Looks 'Beyond Sentiment' to Value

Despite Region's Crisis, Merrill Adviser Likes Share Prices and Buys Selectively in Malaysia and Thailand

By Kenneth N. Gilpin

PORTFOLIO managers who deal with emerging markets can be forgiven if they do not remember 1997 fondly. During the past 12 months, these outposts of capitalism, long noted for volatility, registered swings that bordered on the seismic.

Few were put to a tougher test than the mutual funds whose exclusive province is Asia, where the economic and financial news has been unrelentingly bad for the better part of six months. Unlike those who run funds that allow them to invest around the world, these managers had no place to hide when disaster struck.

According to Lipper Analytical Services, 82 U.S.-based Pacific mutual funds that invest in any Asian countries except Japan lost about 36 percent of their value last year.

"This is the price of being in an ice-cold sector," said A. Michael Lipper, president of Lipper Analytical. But, he said, 1998 is a new year.

"In theory, Korea and the other Asian countries have as good a chance as anybody of being among the better performers in 1998," he said. "And, hopefully, a relatively small percentage of an investor's money was in those markets as a hedge against domestic investments. But it is a lot different for the manager whose life is tied up in this stuff. They can't hedge their current job."

Kara Tan-Bhala, a first vice president and senior portfolio manager at Merrill Lynch & Co., does not sound worried about her employment prospects, even though the two Asian funds she manages — Merrill's Emerging Tigers and Dragon funds — have seen their size lopped by 50 percent or more in the last 12 months.

Emerging Tigers, which had about \$220 million in assets at the start of the year, now has \$70 million. Dragon, a \$1.4 billion fund as 1997 began, now has about \$700 million. In both funds, sliding equity prices accounted for much of the decline; redemptions by frightened or tax-driven investors were the reasons for the rest.

The Dragon fund looks for capital gains in stocks and bonds issued in the Asia-Pacific region, while Emerging Tigers mainly buys equities in the region.

A native of Malaysia who recently became an American citizen, Ms. Tan-Bhala, 38, has seen her share of crises since 1986, when she started working in equity research in the Singapore office of HSBC James Capel.

The Tiananmen Square crackdown in Beijing in 1989 led to a rout in Asian markets. So, too, did Saddam Hussein's invasion of Kuwait a year later. The Hong Kong market has collapsed a number of times since then. But what happened last year was different.

"This is the first time it happened in the whole region," she said, "and this crisis has lasted much longer than the others, which were just brief spells."

Ms. Tan-Bhala has been managing the two Merrill funds since 1993, and at the start of last year, she said, the only market that really worried her was Thailand.

"We knew from the beginning of the year Thailand was going to devalue the baht," she said, leading her to sell Thai shares.

"But we were totally surprised by the spillover," she added, "because at the start of the year the other Asian countries looked O.K. in terms of fundamentals."

WHEN ASIAN currencies began to fluctuate wildly during the summer, Ms. Tan-Bhala used currency hedges to protect her equity positions.

Then, as conditions worsened, she started moving money out of the markets and into cash. She, like most other portfolio managers, prefers to be fully invested, so that tactic is adopted only in the most dire circumstances.

Before July, the Emerging Tigers fund's cash position was about 15 percent, she said, while the Dragon fund's was about 6 percent. Those numbers are now at 30 percent and 20 percent, respectively.

In addition, she sought refuge of sorts, adding to her positions in China, India and Singapore for the Emerging Tigers fund. In the Dragon fund, she put the majority of the funds assets to work in China and Hong Kong.

Through the summer and fall, Ms. Tan-Bhala said, "When the market is bad, it is hard to be in a sunny mood, because one side of your life is constantly crashing."

A trip to China in October, when "the Hong Kong market started to crash" was particularly painful, she said.

Along with 100 other portfolio managers, Ms. Tan-Bhala attended a program in Shanghai sponsored by the Chinese government extolling the benefits of investing in the country.

All of the officials who spoke, totally ignored the crisis," she said. "After each speaker we would all rush to

the Bloomberg terminals to see how the markets were doing. It was very surreal, because every time we came out after a speech, the market would be down another 5 percent."

CONSIDERABLE social and economic consequences remain in the region, she said, even in Japan, whose policies may be crucial in determining whether the crisis will ease.

"I think the next stage will be severe cuts in corporate earnings and economic growth," she said. "I would not be surprised to see negative growth in countries like Thailand and Indonesia in 1998. Then they will get to retrenchments and bank-

ruptcies, which will push people into the streets."

Nevertheless, Ms. Tan-Bhala said she had been doing some selective stock buying in Thailand and Malaysia. She said she liked the energy sector in Thailand, an industry that draws its income in dollars, as well as utilities and "resilient" consumer stocks like those of mobile-phone companies.

But what she likes most are the current share prices of many of these companies.

"A lot of things out there are trading below book value," she said. "As an investor right now, you have to look beyond sentiment and look at value for money. There is more downside in the

near term, I think, but in three years to five years, you will probably see markets double where they are right now."

■ **Advisers: Don't Flee**

The reverberation of Asia's problems into other markets around the world has made the past year exceedingly difficult for investors in emerging-market funds.

Nevertheless, financial advisers say that no matter how gut-wrenching the recent past has been, it would be a big mistake to turn away from such investments.

"It is appropriate to own emerging-market stocks as part of a diversified portfolio, in part because they don't move in lock step with other

equity classes," said David H. Bugen, a partner at Bugen Stuart Korn & Cordaro, a financial advisory firm in Chatham, New Jersey.

"But to be an investor in these markets, you need to have a strong stomach and a time horizon of at least 7 to 10 years," he added.

Lou Stanasolovich, president of Legend Financial Advisors in Pittsburgh, said investors "should expect big swings, up 70 percent one year and down 40 percent the next."

"That is the norm for emerging markets," he added. "People should expect a decent return over the long term, but they should expect a lot of ups and downs along the way."

New York Times Service

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WORLD ROUNDUP

Sabres Find Buyer

ICE HOCKEY John Rigas has reached agreement with Northrup Knox, chairman of the Buffalo Sabres, to buy the National Hockey League franchise.

The deal still has to be approved by the league's board of governors. When it is completed, probably in February, the Knox family will give up control of a franchise they have owned for its entire 28-year history.

Rigas, the owner of Adelphi, a cable television company, was brought into the Sabres organization in 1994 as a principal investor. (AP)

Wiberg May Miss Games

SKIING Pernilla Wiberg, the World Cup overall champion, might miss the Winter Olympics because of two broken ribs, a Swedish newspaper reported Friday.

The fractures were revealed in X-rays taken Thursday, several days after Wiberg took a hard fall in a race in Lienz, Austria.

Although it is not generally dangerous to compete with broken ribs, the pain of the injury could inhibit her performance.

The Olympics are in Nagano, Japan, from Feb. 7 to 22. (Reuters)

Indian Captain Is Sacked

CRICKET Sachin Tendulkar was sacked as India's captain Friday and replaced by the former skipper Mohammed Azharuddin.

Tendulkar's leadership was criticized by the Indian media because of the team's poor showing at last month's Champions' Trophy in Sharjah and the mixed performance against Sri Lanka in a subsequent one-day series. (Reuters)

Barcelona Is the Best

SOCCER Borussia Dortmund, the European and world club champion is out of the top club in the world says the International Federation of Football History and Statistics. The Federation, based in Wiesbaden, Germany, on Friday named Barcelona the world's top soccer club for 1997.

Barcelona, which won the European Cup Winners Cup and the Spanish Cup but finished second in the Spanish league, came first on 346 points according to the statisticians' calculations.

They awarded Borussia Dortmund 308 points, Juventus, which lost the European final to Dortmund, came in third with 306 points. (Reuters)

Fabri Blames His Mother

SOCCER The Brazilian striker Rodrigo Fabri says a contract with the Spanish club Deportivo Coruna was invalid because it had been signed by his mother in his absence.

Real Madrid said Wednesday that it had signed the 21-year-old, although he will remain in Brazil on loan to Flamengo, a club in Rio de Janeiro, until June 30, 1999.

But Augusto Cesar Lendoiro, the Deportivo president, then said Rodrigo had also signed for his club and sent copies of the contract to FIFA, the world body, and the Spanish league.

Spanish newspapers reported Friday that Rodrigo's mother, Aparecida Fabri, had signed the disputed contract when her son was in Madrid in August with his Brazilian club Portuguesa for a pre-season tournament.

"He was away with his team and it was very bad to oblige his mother to sign under pressure," said Roberto Carlos, a Brazilian who plays for Real Madrid. (Reuters)

A Rosy Ending for Michigan's Perfect Season

Washington State Loses After Late Threat, 21-16

By Malcolm Moran
New York Times Service

PASADENA, California — Beneath the darkening skies, Washington State's Ryan Leaf, the most productive passer in the history of the Pacific-10 Conference, maneuvered for one last shot at the Michigan end zone. He needed to go 26 yards to give the Cougars the victory and end Michigan's hopes of its first national title in 49 years.

It never happened. For just as the Cougars put themselves in position for an all-or-nothing pass, the 84th Rose Bowl came to an odd, abrupt halt.

With no time-outs left, Leaf spiked the ball into the ground to stop the clock, but it was ruled too late: Michigan's breathless 21-16 victory was complete, and its season was perfect.

The beginning of the Michigan celebration could not obscure the controversy at the finish. The Wolverines (12-0) held a large lead in the two polls that determine the unofficial championship. But in the final season before the Rose Bowl joins the other major games in the bowl alliance to include the Big Ten and Pac-10 champions, the possibility of a one-sided Nebraska victory over Tennessee in the Orange Bowl on Friday night — in the final game for the Cornhuskers' coach, Tom Osborne — could complicate the voting.

"I think it was an official's mistake, personally," said Mike Price, the Cougars' coach. "It doesn't take two seconds to snap the ball and down it."

With nine seconds to play and the ball on the Washington State 48, the Cougars executed a hook-and-lateral play for a 26-yard gain to the Michigan 26. Leaf passed to tight end Love Jefferson, who lateraled to running back Jason Clayton. The first down stopped the clock with two seconds to play.

Three seasons ago, a tipped 64-yard touchdown pass from Colorado's Kordell Stewart to Michael Westbrook led a game that Michigan was sure it had won. The play was hurried into the Michigan memory.

"You're looking at a guy who was on

the field in 1994 at Michigan Stadium when Colorado threw the ball for that last touchdown," said Lloyd Carr, then the defensive coordinator and now the Wolverines' head coach. "I wasn't resting for one second. I promise you that."

The Cougars hesitated a moment before racing to the line. The clock started, Leaf took the snap and spiked the ball. But Dick Burleson, the referee from the Southeastern Conference crew, shook his head as Leaf contested the call.

Washington State had outgained Michigan, 398 yards to 379, but was held 26.5 points beneath its scoring average. Brian Griese, the Michigan quarterback who was voted the game's outstanding player, completed 18 of 30 passes for 251 yards. Griese's three touchdown passes included plays of 53 and 58 yards with Tai Streets.

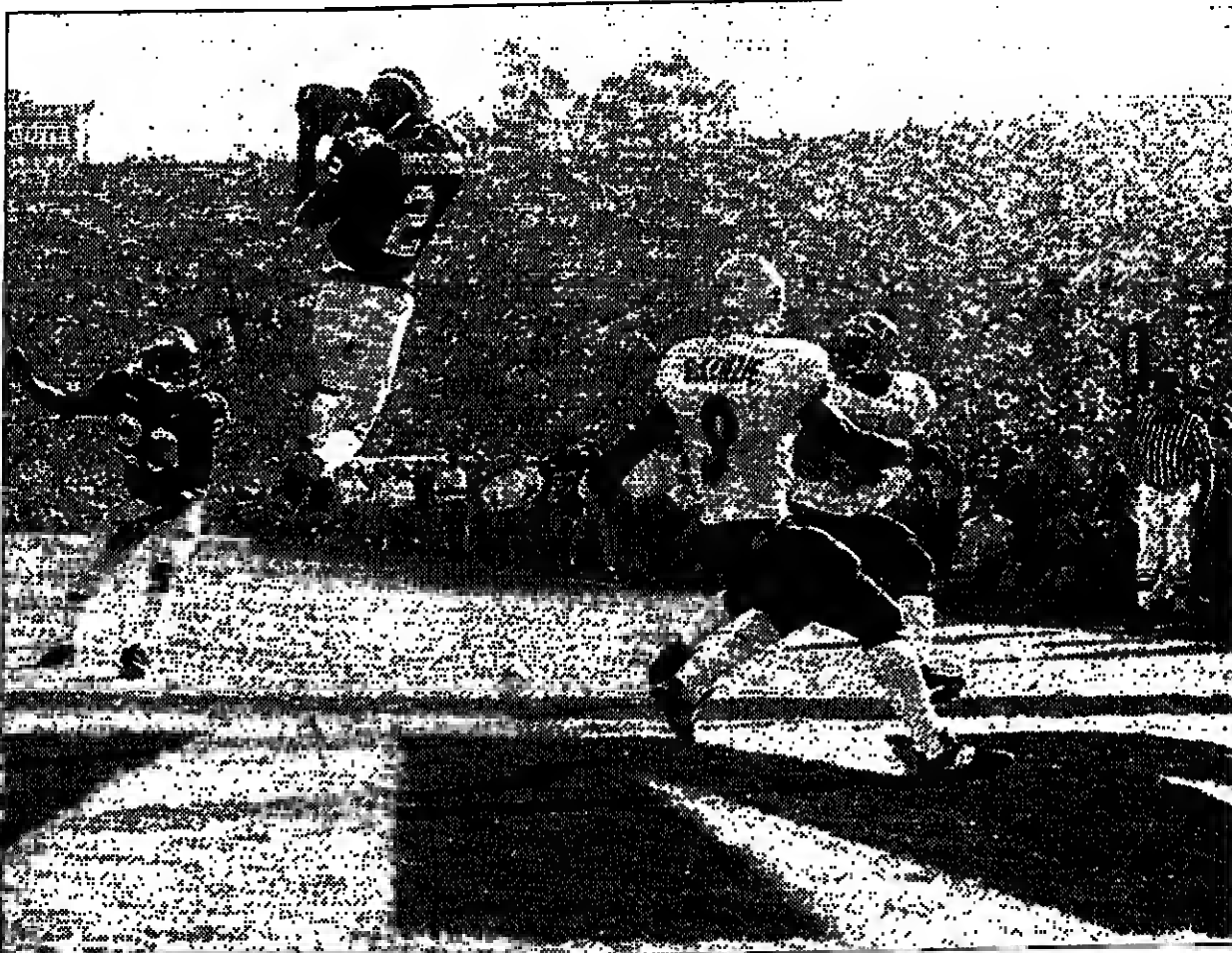
"It's something I never expected," Griese said. "It's something kids dream about. I just wanted to be a part of the team. I just wanted to be part of something special. I never wanted to be the all-star quarterback."

Leaf completed 17 of 35 passes for 331 yards even though the Cougars' rushing game was limited by a calf injury suffered by running back Michael Black, who gained 115 yards during the regular season. With Black restricted to 24 yards on seven carries — with just one rush in the second half — the Cougars gained 67 rushing yards.

Washington State, which had been held below 400 total yards just twice this season, produced just 156 yards in the half.

But the Cougars still gave themselves a chance to win. They held Michigan to 21 rushing yards. They took the lead, on Leaf's 15-yard touchdown pass to Kevin McKenzie with three minutes 17 seconds to play in the first quarter. Washington State earned a chance to create a 14-point lead early in the second quarter, driving from its 23 to the Michigan 12.

On third-and-eight, in the face of a Michigan blitz, Leaf was forced to scramble out of the pocket to his left. He threw a whiffy pass toward the left



The Heisman Trophy winner Charles Woodson, a Michigan cornerback, leaping to intercept a pass in the Rose Bowl, watched by its intended target, Kevin McKenzie, No. 9, a Washington State receiver and William Peterson, 23.

sideline, intended for McKenzie. Woodson, closing quickly, made a leaping interception to end the drive.

Streets beat Ray Jackson along the right sideline and took Griese's throw for the 53-yard touchdown. The conversion tied the score at 7-7 with 7:08 to go in the half.

But then the Cougars settled into the efficient offense that had earned them their first Rose Bowl game appearance in 67 years. Leaf completed four of five passes for 73 of the 99 yards. From the Michigan 14, Shawn Tins took a handoff on an end around and beat safety Marcus Ray to the corner of the end zone for a 14-yard score. The extra point attempt was blocked and the Cougars led, 13-7.

The Wolverines responded quickly. On their next possession, Griese found Streets behind the cornerback Dee Moronkola for the 58-yard score that helped put Michigan ahead, 14-13.

The Wolverines then produced a 14-play, 77-yard drive that took control of the game.

Griese found tight end Jerome Tuman, who beat the freshman safety Lamont Thompson in the right side of the end zone for a 23-yard touchdown and eventually a 21-13 lead.

A 48-yard field goal by Lindell cut the Michigan lead to 21-16 with 7:25 to play. The Wolverines then came up with a 51-yard drive that lasted 6:49. A 23-yard punt by the backup place kicker,

Jay Feely, out of a field-goal formation, left the Cougars with 93 yards to go and just 29 seconds to get there.

Washington State came close but Michigan got the roses.

Leaf Heading for the NFL

Ryan Leaf announced Friday that he is leaving college for the National Football League. The Associated Press reported.

Leaf, speaking at a news conference one day after the Rose Bowl, said he will skip his senior season at Washington State.

The 6-foot-6 (1.98-meter), 240-pound (56-kilogram) quarterback finished third in the Heisman Trophy voting last month.

Busby Buries Bitter Bowl Memories

Compiled by Our Staff From Dispatches

A year ago, Thad Busby led then top-ranked Florida State into the Sugar Bowl for what was supposed to be a national championship coronation. Three poor quarters later, to a chorus of boos, he was yanked from a 52-20 loss to Florida, the eventual national champion and the Seminoles' hated in-state rival.

The Florida State fans cheered Busby on Thursday night as he led the Seminoles, ranked fourth in The Associated Press poll, to a 31-14 victory over No. 9

COLLEGE BOWL ROUNDUP

Ohio State at the Superdome in New Orleans. The senior threw for 334 yards, completing 22 of 33 passes, insuring that Bobby Bowden's team will finish among the top four ranked teams in the final poll for the 11th consecutive year.

For the first 22 minutes, Bowden and the Ohio State coach, John Cooper, engaged in an entertaining game of chess.

They used no-buddle offenses, rotating quarterbacks and fake field-goal attempts to move their teams up and down the field. But when the sleight of hand was used up, the Seminoles' passing attack, which averaged 340 yards a game during a 10-1 regular season, proved too much for the Buckeyes.

Busby, who threw for one touchdown and ran for another, and an outstanding group of receivers riddled Ohio State's

veteran secondary. The Buckeyes gave up only 11 passing plays for more than 26 yards all season. But in the first half alone, Busby completed three long passes that led to scores and a 21-3 halftime lead. E.G. Green made seven catches for 176 yards and a TD and was named the game's most valuable player.

Ohio State's two quarterbacks, Stanley Jackson and Joe Germaine, failed to move the Buckeyes against a swarming Seminole defense.

It was Busby's day. He broke Florida State's season passing yardage record with 3,301, threw for 25 touchdowns and completed 60.3 percent of his passes.

"I think I've earned the respect of the fans," Busby said. "It's even more rewarding after what I went through last season."

No. 6 Florida 21, No. 11 Penn State 6 In Orlando, Penn State, playing without Curtis Enis, its star running back, and Joe Jurevicius, its star receiver, managed only 139 yards of total offense as it lost to Florida in the Citrus Bowl.

Enis and Jurevicius were both suspended for the game. Florida (10-2) had its starting tailback and top wide receiver. Both gave huge performances. Fred Taylor rushed 43 times for 234 yards. Jacques Green had only two catches, but they went for touchdowns of 37 and 35 yards.

Penn State (9-3) found out a yard is a long way to go without Enis. The junior

rushed for 1,363 yards and scored 19 touchdowns for the Nittany Lions this season. But he was suspended for accepting a suit from an agent, then announced he will enter the NFL draft. He would have been useful when Penn State failed on fourth and goal from the 1-yard line twice in the second quarter.

Jurevicius, who made 39 catches for 817 yards and 10 touchdowns this season, was suspended by Joe Paterno, the Penn State coach, because of his academic performance.

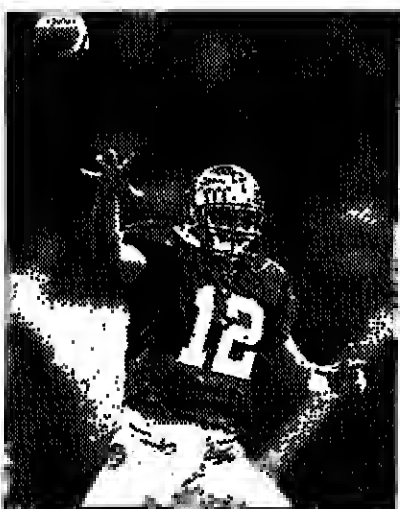
The last time the Nittany Lions were this bad in a bowl game was in 1962 — against Florida in the Gator Bowl.

Florida rushed 59 times and made only 19 pass plays.

"We just handed the ball off to Fred and tried not to beat ourselves," said Steve Spurrier, the Florida coach. "I hope we can pitch it around a little better next year, but right now, we're not a real great pitching team."

No. 7 North Carolina 42, Virginia Tech 3 The Tar Heels put on an impressive show against the Hokies in the Gator Bowl in Jacksonville.

Chris Keldorf, the North Carolina quarterback, completed 17 of 28 for 290 yards — 161 in the first quarter — and passed for three touchdowns. Dre' Bly, a cornerback, blocked one punt and recovered another for a score, and the defensive end Greg Ellis recovered a fumble in the end zone that gave the Tar Heels a 22-0 lead 15:07 into the game.



Florida State's Thad Busby passing.

The victory was an impressive debut for Carl Torbush, who took over as coach three weeks ago, after Mack Brown left for Texas.

No. 5 UCLA 25, No. 20 Texas A&M 23 In Dallas, UCLA wiped out a 16-point deficit to snag the Cotton Bowl.

The tight end Ryan Neufeld ran five yards with 7:05 left for his first rushing touchdown to complete the comeback for the Bruins. Cade McNown threw two touchdown passes and ran for a third. Skip Hicks gained 140 yards for UCLA, which won its 10th straight game.

A&M (9-4) was led by linebacker Dat Nguyen, who intercepted a pass and had 20 tackles. (NYT, AP)

Patriots Seek Revenge in Inhospitable Pittsburgh

By Thomas George
New York Times Service

New England (11-6) at Pittsburgh (11-5) On Dec. 13 in New England, Pittsburgh trailed 14-0, then 21-13, before winning in overtime, 24-21. On Saturday, the Steelers are at home at Three Rivers Stadium where they have won 12 of 16 post-season games and won five straight against the Patriots. New Eng-

NFL PLAYOFF MATCHUPS

land needs strong run defense against Jerome Bettis. It must also produce a physical game and show stamina to withstand Kordell Stewart's finishing push. The Patriots will surprise. Prediction: Patriots, 19-17.

Minnesota (10-7) at San Francisco (10-3) Confidence is soaring among the Vikings, especially after they rallied in their starting playoff victory over the Giants. Minnesota hits the road again Saturday at 3Com Park, where on Dec. 12 it lost to San Francisco, 28-17. The Vikings couldn't block Chris Doleman nor quell the 49ers' passing game. Familiarity will help Minnesota, but Steve Young's arm makes the 49ers winners. 49ers, 24-20.

Tampa Bay (11-6) at Green Bay (10-3) The Tampa Bay defense — Pro Bowl linebackers Derrick Brooks and Hardy Nickerson flow to the ball and punish — again meets one of the league's most productive offensive players (Barry Sanders of the Lions last week, quarterback Brett Favre this week). Sunday's result, however, hinges on the Green Bay defense vs. the Tampa Bay offense. This is Green Bay's edge. Packers, 25-16.

Denver (13-4) at Kansas City (12-3) The Broncos and the Chiefs habitually compete for regular-season dominance of the AFC West, and on Sunday they meet for the first time in the postseason. Denver has two 1,000-yard pass catchers (receiver Rod Smith and tight end Shannon Sharpe), a 1,500-yard rusher (Terrell Davis) and a 3,000-yard passer (John Elway).

But Kansas City led the conference in interceptions (21), earned 54 sacks and allowed only 91 second-half points. Also, Kansas City is unbeaten (8-0) at home this season. Linebacker Derrick Thomas and cornerback Dale Carter and James Hasty will spark a Kansas City victory. Chiefs, 20-17.

Iverson and 76ers Tame the Grizzlies

The Associated Press

Allen Iverson had fun in Vancouver and the Grizzlies paid the price.

The Philadelphia 76ers rode Iverson's scoring and passing to a 115-104 victory Thursday over Vancouver. The second-year point guard had 29 points and 11 assists as six 76ers scored in double figures.

"Early in the game when I saw him pushing it and dishing it out, getting people involved. I kind of sensed that he was really conscious about getting everyone involved," said Larry Brown, the 76ers coach.

"I thought he looked like he was having fun for a change, that was the key."

Iverson took control late in third quarter, scoring 10 points over the final four minutes as Philadelphia took the lead to stay in the only National Basketball Association game played Thursday.

Iverson was quick to agree with Brown's assessment that

he had fun, acknowledging that life has not always been easy on a team with an 8-21 record.

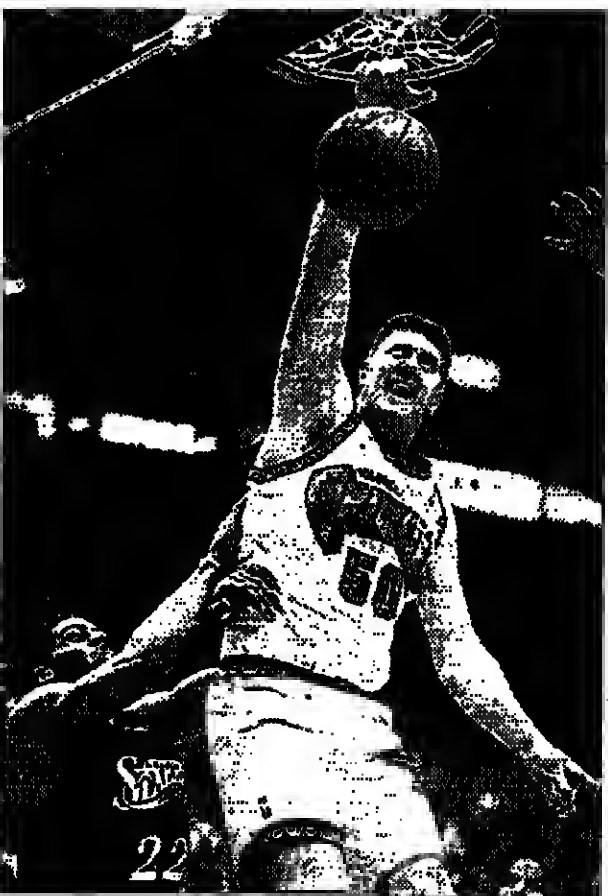
"I was having fun. I got my shot back. I had been slumping the last few games," Iverson said. "I just tried to get into a groove and make a couple early, then coach kept coming back to me."

Iverson, who shot 11-of-20 from the field but struggled from the free-throw line, going 7-of-14, said he made a conscious effort to move the ball around to his teammates early.

"That's what I have been trying to do all season, trying not to do too much out there, overshadow my teammates. Hit them when they're open, try to keep them happy," Iverson said.

"Fortunately it worked out tonight."

Jim Jackson had 21 points, six rebounds and five assists for Philadelphia, while Mark Davis had 16 points and Tim Thomas added 15.



Vancouver center Bryant Reeves soaring above Philadelphia's Clarence Weatherspoon for the dunk.

Ottawa Is Scoreless, Again Senators Tie Bruins, 0-0, for 2d Pointless Game

The Associated Press

The Ottawa Senators failed to score for the second straight game. But at least this time, they didn't lose. With Damian Rhodes making 24 saves, the Senators played the first scoreless tie in their six-year history Thursday night, matching zeros with the Boston Bruins.

"We had some good chances tonight and I missed a few," said Alexei Yashin, Ottawa's leading scorer. "But the final

was 0-0 — not a good hockey game. A lot of fans are disappointed, but we'll take the road tie."

The Senators, who were shut out 3-0 by Buffalo's Dominik Hasek in their previous game Wednesday night, have now gone 147 minutes without a goal.

Boston's Byron Dufour made 27 saves as the Bruins played their first scoreless tie since 1970 and their first at home since 1955.

Neither team had many good scoring chances in the first two periods, but the Bruins had a pair in the overtime period. On the first, Rhodes stopped Tim Taylor as he tried to slip the puck in from behind the net. On the second, Rhodes thwarted P.J. Axelsson from directly in front of the net.

Panthers 2, Devils 1 Rob Niedermayer scored two goals, including the game-winner on a power play 1:53 into overtime, to lift Florida over New Jersey.

The victory was only the fifth in 22 games at home for the Panthers. They wore their red road uniforms for the first time at home this season while trying to turn things around.

Capitals 3, Mighty Ducks 2 Adam Oates scored on a breakaway with 31.4 seconds left to lead Washington to victory over visiting Anaheim.

Oates, who also had an assist, stole the puck from Warren Rychel near center ice, broke in alone and fired a shot past goaltender Guy Hebert.

Blackhawks 3, Maple Leafs 3 Alex Zhamnov and James Black scored on rebounds in a 45-second span late in the third period, rallying Chicago to a tie with visiting Toronto.

Toronto had taken a 3-1 lead with 10:54 left in regulation time on Mats Sundin's goal — the Maple Leafs' first power-play score in 15 games and 59 attempts. Toronto had gone 0-for-51 with the man advantage in December, last scoring on the power play Nov. 29.

Coyotes 4, Kings 0 In Phoenix, Nikolai Khabibulin made 23 saves for his fourth shutout of the season as the Coyotes beat the Kings.

Helen Moody
Is Dead at 92:
Won 31 Major
Tennis Titles

SCOREBOARD

BASEBALL	FOOTBALL	HOCKEY	BASKETBALL
Red Sox 5, Yankees 4	Patriots 24, Steelers 21	Senators 0, Bruins 0	76ers 115, Grizzlies 104
Angels 4, Mariners 3	Chiefs 20, Broncos 17	Blackhawks 3, Maple Leafs 3	Trail Blazers 101, Timberwolves 98
Padres 3, Pirates 2	Colts 27, Ravens 24	Canucks 2, Oilers 1	Warriors 103, Suns 97
Braves 2, Astros 1	Seahawks 24, Vikings 21	Flames 3, Sharks 2	Clippers 101, Hornets 98
Giants 2, Dodgers 1	Cardinals 24, Panthers 21	Sharks 2, Canucks 1	Pacers 101, Pistons 98

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BASEBALL

SPORTS

Helen Moody Is Dead at 92; Won 31 Major Tennis Titles

The Associated Press
CARMEL, California—Helen Wills Moody, 92, who won eight Wimbledon titles and was one of the premier figures in America's golden era of sports, died Thursday in Carmel, California.
Moody, who ruled tennis in the 1920s and '30s, was known for hitting harder than any other woman at the time.
She won 31 major titles, including seven championships in the United States and four in France.
Nicknamed "Little Miss Poker Face" and "Queen Helen," Moody won her first U.S. championship in 1923 and retired after winning Wimbledon in 1938 and led a reclusive life.
She was 18-2 in singles matches at the Wightman Cup, a showcase event between Britain and the United States.
Moody, whose trademark white eyeshade became an enduring tennis fad, learned the game without ever taking a lesson after watching players at the Berkeley Tennis Club in California.
"Children are great imitators," she said. "I watched the seniors play and the visiting Australian champions."
One year after she started playing at age 14, Moody won the national tennis championship for girls. She was just 17 in 1923, when she won the U.S. women's singles championship—the youngest champion up to that time.
She won a gold medal in Paris in 1924 in the last tennis competition in the Olympics until the 1988 Seoul Games.
Moody was inducted into the International Tennis Hall of Fame in 1959.
She wrote three books, including her autobiography "15-30: The Story of a Tennis Player," published in 1937. In the 1920s, she also wrote a tennis instruction book and a mystery, "Death Serves an Ace," published in 1937.
She was also an accomplished artist, with her drawings and paintings exhibited in the United States and abroad.
She was divorced in 1937 and remarried two years later.



STANDING FIRM—Celtic's Enrico Annoni, left, tackling Rangers' Brian Laudrup in Glasgow's Old Firm derby Friday. Craig Burley and Paul Lambert scored as Celtic shut out the Premier League leader. Celtic had not beaten its rival in their last 11 league meetings.

Spinner Rocks South Africa

Reuters
SYDNEY—Michael Bevan, who has failed as a test batsman, justified his recall for Australia as a specialist spin bowler, claiming 20 wickets Friday as South Africa labored to 197 runs for five on the first day of the second cricket test.
Australia dropped Bevan as a test batsman during the tour to England in July, but turned to the left-arm wrist-spinner as support for leg-spinner Shane Warne.
Bevan responded by dismissing Herschelle Gibbs for 54 and Brian McMillan for six in the final session at Sydney Cricket Ground.
He finished with figures of two for 41 in 20 overs, the best performance by an Australian bowler on a day of often painfully slow scoring by South Africa.
South Africa captain Hansie Cronje, who earlier won the toss, remained unbeaten on 56, his 10th test half-century and second in successive tests, after occupying the crease for four hours.
Jacques Kallis, whose century helped save the first test in Melbourne, fell when he wandered away from his wicket and was run out by fielder, Ricky Ponting.
The start of play was delayed by 30 minutes to allow a waterlogged area to dry after ground staff excessively watered an adjacent wicket Thursday.

The 'Other Oksana' of Ice Skating

Now Pasha Grishuk, She Heads for Another Olympic Title

By Jere Longman
New York Times Service

MUNICH—They were both named Oksana, they both won gold medals in figure skating at the 1994 Olympic Winter Games and they both had blond-from-a-bottle hair. Even Dick Button, a two-time Olympic champion and noted skating commentator, said last year that he had spoken to Oksana Grishuk for several minutes, believing she was Oksana Baiul.
Skating for Russia, Oksana Grishuk and her partner, Yevgeni Platov, won a gold medal in ice dancing at the 1994 Games in Lillehammer, Norway, and remain undefeated since then—20 consecutive victories. They are heavily favored to win a second gold medal in February at the 1998 Winter Games in Nagano, Japan. But even knowledgeable skating people have had difficulty telling one Oksana from the other.
So, last September, Grishuk did something about it. She changed her name from Oksana to Pasha, which evokes for her the passion with which she lives her life and performs her skating.
"I am taking a name for the rest of my life. It should be one that reflects my personality," said Grishuk, 25. "I am a passionate person."
Grishuk was abandoned by her father at a young age and grew up strong-willed and independent. She has pinballed from one coach to another. She has had heated confrontations with other skaters, aspires to be a movie star and skates with such speed, energy, emotion and technical expertise that she and her partner are in a class by themselves.
"I got tired of being confused all the time with Oksana Baiul," Grishuk said. "I'd call to make a dental appointment. I'd say my name and the person would say, 'Oksana, Oksana Baiul.' I would say, 'No, Oksana Grishuk,' and they would say, 'No, Oksana from the Olympics.' I am tired of this."
There is no love lost between Grishuk and Baiul,

whom Grishuk called the "bad Oksana, the criminal Oksana," in reference to a car wreck Baiul had while driving under the influence of alcohol.

Sometimes her passion has brought unwanted consequences. Formerly, Grishuk and Platov were coached by Natalya Dubova and were training partners of the two-time Olympic medalists Maia Usvova and Alexander Zhulin. After the 1992 Winter Games, at which Usvova and Zhulin won a bronze medal, while Grishuk and Platov finished fourth, Grishuk had a widely reported affair with Zhulin, who was married to Usvova.
As recounted in David Wallace's book "The Complete Book of the Winter Olympics," Usvova got her revenge during a post-Olympic skating tour when she "walked into Spago's restaurant in Hollywood, saw Grishuk sipping a margarita at the bar, came up behind her, grabbed her hair and smashed her head against the counter."

The International Skating Union's media guide says Dubova, the coach, then "chased her away" after Grishuk "had a love affair with another ice dancer."
Grishuk said recently, "I was not chased away; I just left."
Last summer, in another confrontation reported to be boyfriend-related, Grishuk said she was struck by the American skater Nicole Bobek.
When channeled into ice dancing, Grishuk's passion is forceful and productive to the point of invincibility. "She can be difficult to work with," said

Platov, her partner. "It's hard to change her mind. She fights every step. But it works out. That's why she is so good."

Around members of the media, she is among the friendliest and accessible of skaters. After her recent victory in the Champion Series Final, Grishuk sat in her fur coat and spoke with a French reporter for nearly an hour, eagerly answering questions ranging from skating to marriage to her incipient acting career.

"People say I am like Madonna, but I don't want to be like Madonna," she said, adding that she preferred to model herself after Sharon Stone.

After winning a gold medal in 1994, Grishuk and Platov moved to the United States where they could find better training conditions, more opportunities to earn a living and a better life than in the fractured, chaotic former Soviet Union.

This season, Grishuk and Platov are performing a powerful free-dance routine called "Memorial." The music was composed by Michael Newman, a Briton, in memory of those who died in a soccer riot. Grishuk and Platov have expanded the symbolism to eulogize skaters and coaches who have died recently, as well as those who were killed in Sarajevo during the Bosnian conflict. Grishuk performs the routine in a costume that contains a large white cross down the front.
"We want others to understand how tragic it is to miss people who have put their souls and their talents and their lives into figure skating," Grishuk said.

As they continue to push the rules of ice dancing, which seems to rely on reputation as much as performance, Grishuk and Platov are never more than a stone's throw from controversy. At the 1994 Olympics, they won despite breaking the rule that prohibits dancers from being apart for more than five seconds at a time.

This season, they have been penalized for lifts that stretched the rules, and have won every competition despite falling twice. If they can continue their streak, they would be the first ice dancers to repeat as Olympic champions.



Pasha Grishuk and her partner Yevgeni Platov.

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE			
Team	W	L	Pct
Atlanta	20	9	.690
New York	17	12	.586
Orlando	16	13	.552
New Jersey	17	13	.563
Washington	16	16	.500
Charlotte	14	14	.500
Philadelphia	14	14	.500

WESTERN CONFERENCE			
Team	W	L	Pct
Utah	19	10	.655
San Antonio	19	10	.655
Indiana	19	10	.655
Chicago	17	11	.607
Cleveland	17	11	.607
Minnesota	14	15	.483
Detroit	14	17	.452
Toronto	4	26	.133

ICE HOCKEY

NHL STANDINGS

EASTERN CONFERENCE			
Team	W	L	T
Philadelphia	23	10	7
New York	22	12	6
Washington	18	15	4
Florida	15	18	7
N.Y. Rangers	15	20	5
Tampa Bay	9	23	7

WESTERN CONFERENCE			
Team	W	L	T
Pittsburgh	21	12	5
St. Louis	21	13	4
San Jose	17	16	7
Los Angeles	15	18	7
Chicago	13	19	7

FOOTBALL

COLLEGE BOWL GAMES

Game	Score
Florida 21, Penn State 6	21-6
UCLA 29, Texas A&M 22	29-22
Georgia Tech 34, Virginia Tech 3	34-3
Michigan 21, Washington State 16	21-16
Florida State 31, Ohio State 14	31-14

CRICKET

AUSTRALIA VS. SOUTH AFRICA

Team	W	L	T
Australia	21	12	5
South Africa	21	13	4
Sunderland	25	9	7
Sunderland	22	15	6
Thames	18	14	7
Gloucestershire	14	18	6
Gloucestershire	13	19	7

SOCCER

SCOTTISH PREMIER DIVISION

Team	W	L	T
Celtic	2	0	0
Rangers	0	0	0
Hearts	2	0	0
Hibernian	0	0	0

TRANSITIONS

NATIONAL LEAGUE

Team	W	L	T
Florida	21	12	5
UCLA	29	22	7
Georgia Tech	34	3	0
Michigan	21	16	3
Florida State	31	14	0

THE WEEK AHEAD

Event	Date
Athletics, Durham, Britain	Jan. 3
World Cup, South Africa	Jan. 3
World Cup, South Africa	Jan. 3
World Cup, South Africa	Jan. 3

WEDNESDAY, JAN. 7

Event	Location
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare

THURSDAY, JAN. 8

Event	Location
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare

FRIDAY, JAN. 9

Event	Location
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare

SATURDAY, JAN. 10

Event	Location
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare

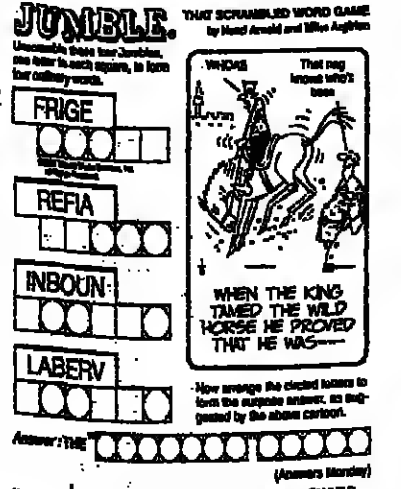
SUNDAY, JAN. 11

Event	Location
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare
Cricket, Zimbabwe	Harare

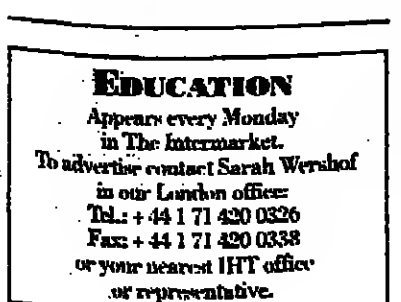
DENNIS THE MENACE



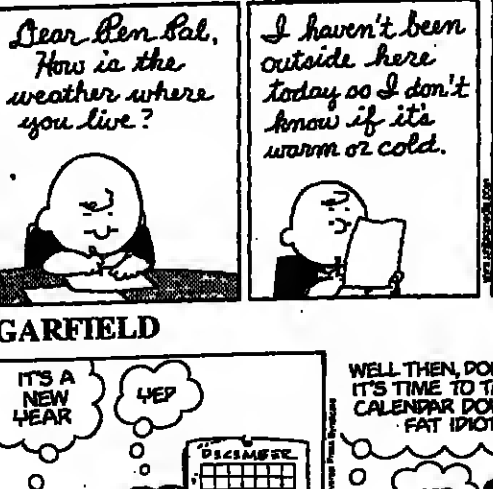
PEANUTS



GARFIELD



BEETLE BAILEY



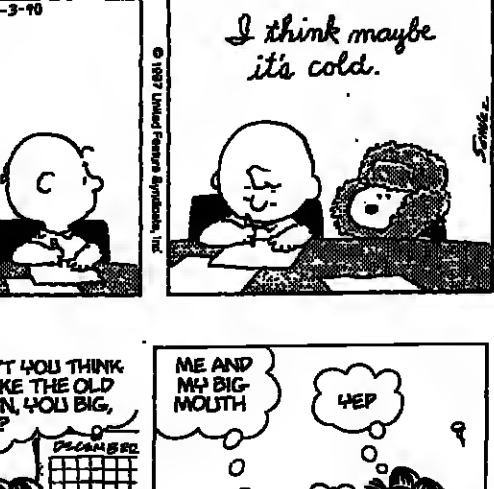
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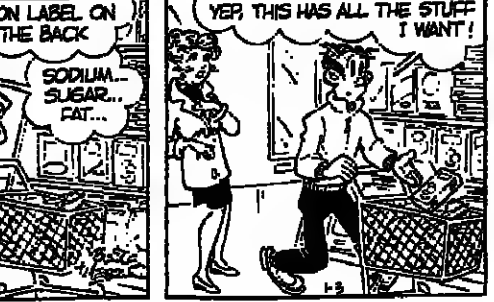
NON SEQUITUR



DOONESBURY



EDUCATION



WIZARD OF ID



NON SEQUITUR



DOONESBURY



WIZARD OF ID



NON SEQUITUR



DOONESBURY



DAVE BARRY

Dare to Be a Better Person

MIAMI — Right now, while you're still burping up little gaseous reminders of the estimated 78 cheese puffs you consumed on New Year's Eve, is the time to make your New Year's resolutions.

Why make resolutions? Because you CAN be a better person. I bet you know somebody who seems to be perfect — somebody who always looks terrific; somebody who manages to devote plenty of time to both family and career; somebody whose house is spotless, whose children are well-behaved and whose dog does not smell as if it sleeps on a bed of decomposing raccoons.

You wonder how that person "does it all," don't you? Well, stop wondering and do something! Start right now! Get up off the sofa, put on some active sportswear, and kill that person with a crowbar!

No, seriously, you need to make some New Year's resolutions so that you can become a better you — a more attractive you; an organized you; a you that is... well, less like you.

At this point you are saying: "Dave, I would love nothing better than to be less like myself, but every year I make the same New Year's resolution, which is that I will lose weight, and currently my thighs are the diameter of the trans-Alaska pipeline."

Don't feel bad! Many people have trouble sticking to their resolutions, and there is a simple scientific explanation for this. In 1987, a team of psychologists conducted a study in which they monitored the New Year's resolutions of 275 people.

After one week, the psychologists found that 92 percent of the people were keeping their resolutions; after two weeks, we have no idea what happened, because the psychologists had quit monitoring.

"We just lost our motivation," they

reported. "Also, we found ourselves eating Twinkies by the case."

So we see that keeping resolutions can be difficult. But you CAN do it, if you follow these practical tips:

1. BE REALISTIC.

Many people give up because they "set their sights too high." In making a New Year's resolution, pick a goal that you can reasonably expect to attain, as we see in these examples:

Unrealistic Goal: "In the next month, I will lose 25 pounds."

Realistic Goal: "Over the next year, taking it an ounce or two at a time, I will gain 25 pounds, and my face will bloom like a military life raft."

Unrealistic Goal: "I will learn to speak Chinese."

Realistic Goal: "I will order some Chinese food."

Unrealistic Goal: "I will read a good book."

Realistic Goal: "I will examine the outside of some good books, then waddle over to the part of the bookstore where they sell pastries."

Unrealistic Goal: "I will do volunteer work for a worthy cause."

Realistic Goal: "I will give myself a hearty scratching."

2. THINK POSITIVE.

To succeed, you must believe in yourself. Write this motivational statement in large letters on a piece of paper and tape it someplace where you will see it often, such as on the inside of your eyeglasses:

"I CAN do it, and I WILL do it! Starting next year!"

3. LEARN FROM YOUR MISTAKES.

Let's say that, like millions of weight-conscious Americans, you think you eat sensibly: Your diet consists almost exclusively of mineral water and low-calorie, low-fat foods. And yet you're still gaining weight. Why? I'll tell you why: You're drinking water with minerals in it. Minerals are among the heaviest substances in the universe, second only to guests on the Jerry Springer show. Think about it: The Appalachian mountains and most major appliances are essentially big wads of minerals, and you're putting those things into your body. No wonder you're gaining weight!

FACT: The word "Petrie" is French for "balloon butt."

I have run out of room here, thank God, so let me say in closing that I wish you the best of luck with your 1998 resolutions, and I will do the best to keep my own resolution, which is to give you, every single week, the most useful, informative and accurate columns I possibly can. Starting next year.

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Can They Stand the Heat? The Art of the Insult

International Herald Tribune

PARIS — This is the time for polite post-holiday lies: "Just what I always wanted." "Of course it fits." "Stop worrying darling, no one noticed a thing." Perhaps as an antidote it is also the time for speaking out rudely. Leave it to writers for that.

Writers are sometimes kind about each other but this is usually in the

MARY BLUME

category of literary log-rolling, writes James Charlton in "Fighting Words," a short and poisonous anthology of writers lambasting each other. "Venom and abuse," he says, "that's what comes from the heart."

It's a tough view substantiated by 400 quotations that start with Aristophanes on Euripides ("A cliché anthology... and maker of rags and ragged manikins") and go on to Norman Mailer on J.D. Salinger ("The greatest mind ever to stay in prep school"). In between, things are no better. Life in the Mermaid Tavern, for example, may have been convivial, but Ben Jonson got it centuries later when Tennyson said "reading him is like wading through glue."

Tennyson further pronounced that "Carlyle is a poet to whom nature has denied the faculty of verse" and that Browning "has plenty of music in him, but cannot get it out." Then Tennyson got it from Chesterton ("He could not think up to the height of his own towering style"), while in turn Chesterton got it from Pound, who likened him to "vile scum on a pond."

Pound, of course, got it from everyone — Nabokov, for one, called him "that total fake" — and so it goes, with every pronouncement bringing its punishment, often deserved. Byron was surely unkind to call genial Geoffrey Chaucer "obscene and contemptible," but then Byron was repaid in spades:

"He seems to me the most vulgar-minded genius that ever produced a great effect in literature." (George Eliot)

"He had not the intellectual equipment of a supreme modern poet; except for his genius he was an ordinary 19th-century English gentleman, with little culture and no ideas." (Matthew Arnold)

Of course neither Arnold nor Eliot was exempt from their colleagues'

bitchery. "Not as handsome as his photographs — or his poetry," said Henry James of Arnold; while of Eliot he claimed in his maidenly way to have fallen in love with "this great horse-faced bluestocking.... Altogether she has a larger circumference than any woman I have ever seen."

T.S. Eliot's put-down of James is deservedly famous: "Henry James has a mind so fine no idea could violate it." H.G. Wells ends a section on James's style: "He spares no resource in telling of his dead inventions.... His vast paragraphs sweat and struggle; they could not sweat and elbow and struggle more if God himself was the professional meaning to which they sought to come."

At least this is literary criticism; both George Eliot and Jane Austen were slayed by their peers simply for being women. "I dislike Jane, and am prejudiced, in fact, against all women writers. They are in another class. Could never see anything in 'Pride and Prejudice.'" Nabokov wrote Edmund Wilson, who defended Austen: "Her greatness is due precisely to the fact that her attitude toward her work is like that of a man, that is, of an artist, and quite unlike that of the typical woman

novelist, who exploits her feminine daydreams."

Even the wickedest tongue is apparently incapable of being beastly to P.G. Wodehouse although Sean O'Casey called him "English literature's perfunctory flea." "Thinking it over," Wodehouse reflected, "I believe he meant it to be complimentary, for all the performing fleas I have met have impressed me with their starting artistry and their indefinable something which makes a good trouper."

That infinitely bad trouper Ernest Hemingway fires on everyone in range, then comes into Gore Vidal's sights: "What other culture could have produced someone like Hemingway and not have seen the joke?" (quoted in Peter Kemp's splendid Oxford Dictionary of Literary Quotations). Vidal is our only remaining world-class literary lambaster.

On Solzhenitsyn: "He is a bad novelist and a fool. The combination usually makes for great popularity in the United States." On Truman Capote: "Truman Capote has made lying an art. A minor art." Vidal, expectedly, does not get off scot-free. According to Kingsley Amis, he "seems to me to

suffer from American cleverness: the fear of being thought stupid, or dull, or behind the times. I think that's a very bad attitude for the novelist to adopt."

As always, Oscar Wilde — "the amiable, irresponsible, esurient Oscar," said Whistler in the peroration to a massive insult — is impossible to resist. Of George Bernard Shaw: "An excellent man: He has no enemies, and none of his friends like him." Of Henry James: "Mr. Henry James writes fiction as if it were a painful duty." Of himself: "It is curious how vanity helps the successful man and wrecks the failure. In old days half my strength was my vanity."

But peace: Charlton and the small Algonquin Books of Chapel Hill Press in North Carolina have produced enough bile to burst the season's inflated livers. Let us end with a sage observation from the New York writer Fran Lebowitz — "I prefer dead writers because you don't run into them at parties" — and a sager one from W.H. Auden, quoted in Kemp's anthology: "No poet or novelist wishes he were the only one who ever lived, but most of them wish they were the only one alive, and quite a few fondly believe their wish has been granted."



Ronald Searle

Merce Cunningham Group

To Dance at Paris Opera

Agence France-Presse

PARIS — Merce Cunningham, one of the most influential choreographers of his generation, is bringing his American company to the Paris Opera for two weeks, beginning Tuesday.

Cunningham, 78, still performs regularly, seeking new avenues of movement to explore in art.

His company will perform two programs at the Palais Garnier. The first, to Jan. 11, includes "Rune," created in 1959, and "Event 1998," a set of dances created for the Opera. The second program, from Jan. 13 to 17, will include a world premiere, "Pond Way."

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PEOPLE

THE French writer Bernard Clavel turned down the Legion of Honor he was awarded this week. Raped the third most popular author in France, Clavel said he preferred to join the illustrious ranks of Hector Berlioz, George Sand, Guy de Maupassant and Marcel Aymé, all of whom also had refused France's highest honor. "I feel better to be in the shadow of such giants than to be part of the big crowd of people among whom those who earned the distinction are mingled with the many who paid for it," Clavel said in a statement.

The busiest member of the British royal family in 1997 was Princess Anne, according to a devoted analyst of the Windsor workload. Anne carried out 642 official engagements, 24 ahead of her mother, Queen Elizabeth II. The count was compiled by Tim O'Donovan, a retired insurance broker, who files his reports each New Year in a letter to the editor of The Times of London. "The Royal Family's total of 3,820 official engagements at home and overseas is an increase of 108 over 1996," O'Donovan wrote. He added that 25 percent "of all U.K. engagements were carried out on behalf of charities."

A secret tunnel of love reputed to have been used in the 17th century by King Charles II of England to visit one of his mistresses probably never existed, archaeologists say. The alleged tunnel between the royal residence in Newmarket in eastern England and Nell Gwyn's cottage nearby is almost certainly a myth, the Daily Telegraph reported. However, a Victorian-era mansion now standing on part of the old palace was used by another courting couple.

Earlier this century, the newspaper



ON THE SLOPES — Prince Harry, left, and his cousin Zara Phillips, Princess Anne's daughter, taking a ski lift in the Swiss resort of Klosters. Harry and William were accompanying their father, Prince Charles, on his annual ski vacation.

said, Edward VII and his mistress Lillie Langtry often visited the residence.

A Lincoln Center audience came to hear Olga Borodina, then cheered when Marilyn Horne stepped in for the flu-stricken mezzo-soprano. Horne had planned to be a spectator at Avery Fisher Hall for the annual New Year's Eve pension benefit of the New York Philharmonic. But after a frantic call from Deborah Borda, the Philharmonic executive director, Horne agreed to replace Borodina, and sang arias from "Carmen" and "Samson et Dalila."

The rap superstar Notorious B.I.G., killed in March in a drive-by shooting in Los Angeles, continues to dominate the pop music scene. In his most recent honor, he was named the winner of Vibe

magazine's album of the year. "Parting words from the MC with the majestic voice, compelling flow, and superb lyrics," the magazine said of the rapper's final effort, titled "Life After Death." No arrests have been made in the murder of the 24-year-old rapper, whose real name was Christopher Wallace.

In the Costa-Gavras film "Mad City," John Travolta was originally cast as the eager reporter and Dustin Hoffman as the hapless janitor. The trouble was, Travolta did not think he could bring anything original to either role. "Then I got this call from Dustin while he's having dinner in a restaurant, and we're talking for something like 45 minutes," Travolta said. "He's trying to convince me what I can do with this part." Thus Travolta landed the role of the frustrated janitor who turns hostage-taker.

Hollywood's Rosy Year Clouded by Growing Costs

By Bernard Weinraub
New York Times Service

LOS ANGELES — It was a record year at the box office for Hollywood, but the oews was not quite as rosy as it seems.

On the one hand, filmmakers spent more than \$6.2 billion on tickets, a record figure, with "Men in Black" and "The Lost World: Jurassic Park" leading the way. That was a 7 percent gain over the 1996 record, which was \$5.76 billion.

But the rise in box office revenue was generated partly by higher ticket prices.

And Hollywood studios, which made most of the films, will probably derive little benefit from the record because their own production and promotion costs have soared.

"Revenues are simply not growing as much as costs," said Larry Gerbrandt, a senior analyst at Paul Kagan and Associates, a media research firm.

Not counting the re-release of "Star Wars," the number of tickets sold was estimated at just over 1.3 billion, which was only a few percentage points higher than in 1996.

Figures compiled by Entertainment Data Inc. show that the 10 top-grossing

films released in 1997, as of Dec. 28, were:

- "Men in Black" \$249.8 million;
- "The Lost World: Jurassic Park" \$229.1 million;
- "Liar, Liar" \$181.4 million;
- "Air Force One" \$171.8 million;
- "Star Wars" \$138.3 million;
- "My Best Friend's Wedding" \$126.7 million;
- "Face/Off" \$112.3 million;
- "Batman and Robin" \$107.3 million;
- "George of the Jungle" \$105.2 million;
- "Con Air" \$101.1 million.

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